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Mugabe Sees Vote As Mandate to Scrap Zimbabwe's Charter

By Sheila Rule
New York Times Service

HARARE, Zimbabwe — The party of Prime Minister Robert Mugabe has gained an overwhelming victory in Zimbabwe's first general election since independence in 1980, and Mr. Mugabe indicated that he would move to turn this multi-party democracy into a one-party state.

Mr. Mugabe's party won 63 of the 80 seats reserved for blacks in the 100-member Parliament.

The prime minister indicated Saturday that he saw the victory as a mandate to dismantle Zimbabwe's British-drafted constitution, which was to have remained in place until 1990, in order to form a one-party state.

He said he also planned to scrap a provision of the charter that guaranteed 20 seats to the nation's white minority, 15 of which were won by the party of Ian D. Smith, the last prime minister of the nation when it was known as Rhodesia.

He said that provision "must go and go almost immediately," maintaining that it gave the whites representation far out of proportion to their population of about 100,000 in this nation of eight million people.

Mr. Mugabe said that his party's victory was a "mandate" to implement its Socialist policies and that there would be a "much more meaningful thrust" in that direction.

The party of Joshua Nkomo, Mr. Mugabe's political rival, won resoundingly in Mr. Nkomo's political stronghold of Matabeleland, taking all 15 seats and dashing the prime minister's hopes of demonstrating that he had electoral support in all areas of the country.

The victory of the main opposition party means that Mr. Mugabe's drive to unite the nation under "one political umbrella," as he calls it, will have to struggle with bitter ethnic and political rivalries.

The 63 seats won by Mr. Mugabe's governing Zimbabwe African National Union-Patriotic Front were two fewer than he had hoped to gain but six more than the majority party previously held in the legislature.

The party had been expected to win at least one other seat, but the death of its candidate caused the postponement of the election in that constituency.

Mr. Nkomo's Zimbabwe African People's Union held onto all contested seats on Matabeleland, which covers the southern and western parts of the country, and defeated two government ministers in the process.

But his candidates lost in five other areas that had formerly been represented by his party. Mr. Nkomo's party is the largest of the five opposition parties.

The Zimbabwe African National Union, a minority party that maintains a separate identity from Mr. Mugabe's party, narrowly won one seat.

The party's leader, the Reverend Ndabaningi Sithole, is in self-imposed exile in London, and the government here has charged him with subversive acts.

Bishop Abel T. Muzorewa, who was the head of an interim government that transferred control from the white minority to the black majority, lost his seat to a member of the governing party by an overwhelming vote.

Over all, 76 percent of the approximately three million votes cast in the black election went to the governing party; it won 62 percent in the 1980 elections. Mr. Nkomo's party received 19 percent, down from 24 percent in 1980.

Mr. Mugabe said there were many objectionable features to the British-drafted constitution, agreed to in late 1979 at peace talks after a seven-year guerrilla war.

He specifically cited a regulation providing that no major changes in the system of government could take place before 1987 without unanimous parliamentary approval, calling such a stricture "intolerable."

Britain had not wanted the gov-

(Continued on Page 5, Col. 4)

Reuters

OPEC Fails to Adopt Oil Price Strategy

Subroto, the Indonesian oil minister and president of the Organization of Petroleum Countries, announced Sunday in Vienna that ministers of the 13 countries had failed to adopt a strategy to end the slide in oil prices despite tentative agreement on a flexible plan to curb production. He said that the ministers would meet again July 22 in Geneva. Page 13.

Hanoi to Return Remains of 26 U.S. Servicemen

By Don Oberdorfer
Washington Post Service

HONG KONG — Vietnam has informed a U.S. military team of plans to turn over the remains of 26 missing U.S. servicemen and has made a "commitment" to provide a full accounting for all missing Americans within two years, U.S. State Department officials said here Sunday.

The officials, who are traveling with Secretary of State George P. Shultz on a tour of Southeast Asia and the Pacific, said the Vietnamese plans suggested "good intentions" to move more rapidly toward resolving the problem of U.S. servicemen missing in action. They said that the issue has been an obstacle to normalization of U.S.-Vietnamese relations.

State Department officials disclosed Friday in Washington that Vietnam had earlier proposed direct, high-level talks with the United States on the issue.

The officials said the message from Vietnam was passed from the Vietnamese ambassador in Jakarta to the Indonesian foreign minister, Mochtar Kusumaatmadja, who forwarded it to Mr. Shultz last week. It expressed Vietnamese willingness to begin talks aimed at resolving the issue in the next two years, the officials said.

No response will be made until Mr. Shultz discusses the proposal with members of the Association of Southeast Asian Nations during his trip to the region, the officials said. ASEAN opens a formal meeting next week in Kuala Lumpur.

"We are studying this proposal," the State Department said in a statement Friday. "If it indicates a sincere desire on the part of the government of Vietnam to move forward more rapidly than in the past to resolve this longstanding issue, which has caused so much anguish to the families of the missing men, we would of course welcome that very much." It added that the United States was "extremely grateful" to Mr. Mokhtar for his efforts to help.

The remains of the 26 Americans, whose names were provided to the U.S. team last week, are expected to be turned over within six to eight weeks, officials said. The next of kin will be notified and the names released only after the remains are positively identified at a U.S. laboratory in Hawaii. It will be the largest such turnover since the end of the war.

Some of the names provided by Hanoi are of Americans known to have been prisoners of war at some point in the conflict, but who did not return, the officials said.

A senior State Department official accompanying Mr. Shultz said it could be possible for Vietnam to provide an acceptable accounting within two years but that "it would take a lot of work."

He said meetings would soon be convened in Washington to compile a U.S. work program of crash site exploration and other activities to present to the Vietnamese in connection with their commitment to resolve the issue within two years.

Paul D. Wolfowitz, the assistant secretary of state for East Asian and Pacific affairs, who is traveling

(Continued on Page 2, Col. 7)

Hitler Diary Trial: An Unsolved Whodunit

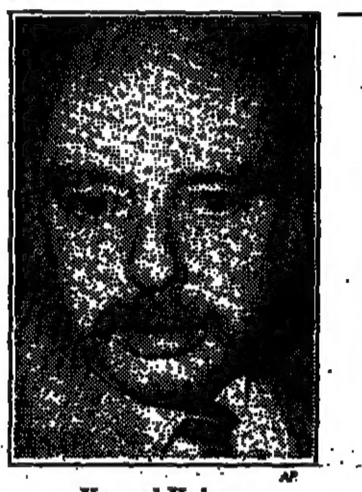
By James M. Markham
New York Times Service

HAMBURG — In the last 10 months, 37 witnesses and experts at the Hitler diaries trial have lent their insights into one of the great journalistic frauds of the century. Yet those who have followed the

Josef Mengele's son is reportedly selling film and book rights to his father's story. Page 2.

trial here have been left unsatisfied, as if they had read an elaborate whodunit without an ending.

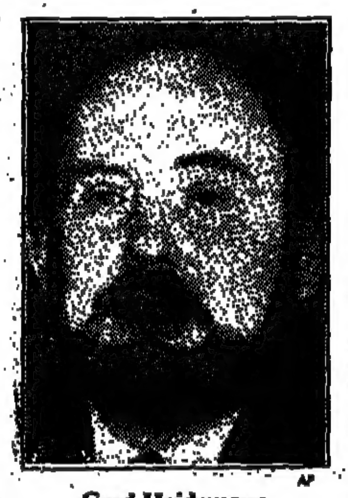
It is not only that Dietrich Klein, the cool, even-toned prosecutor, has failed to establish what happened to 9.3 million Deutsche marks (about $3.75 million) that the Hamburg weekly Stern is said to have given to one of its reporters, Gerd Heidemann, to secure the bogus diaries. The trial has also raised the question: Who really defrauded whom?



AP

Konrad Kujan

The Hitler diaries trial has raised the question: Who really defrauded whom?



AP

Gerd Heidemann

Dieter Konig is a jovial lawyer who got the unglamorous job of defending Edith Lieblang, the companion of Konrad Kujan, a Stuttgart dealer in Nazi memorabilia who has confessed to forging the diaries that were published by Stern two years ago.

It was an undemanding assignment that gave Mr. Konig time to ponder Mr. Kujan, 46, and Mr. Heidemann, 53, his co-defendant.

"Every day when I come into that courtroom," Mr. Konig said recently, "I look at those two men and think that 6 million Deutsche marks are unaccounted for. But we still don't know which one of them has the money."

After 94 sessions, testimony in the trial ended the last week of June with final summations by the prosecution and defense attorneys. A panel of three judges is expected to pronounce its verdict on Monday.

Mr. Heidemann, who had carved out a luxurious way of life while earning $40,000 a year at Stern, is accused of pocketing at least $733,000. Mr. Kujan has admitted taking $523,333 for forging the 62 notebooks.

Mr. Klein has suggested that Mr. Heidemann ended up with the biggest share of the Stern money, which is one reason he demanded a seven-year jail sentence for the dismissed journalist.

The prosecutor suggested that six years in prison would be appropriate for Mr. Kujan.

Mr. Heidemann, who has said that he had been duped by Mr. Kujan, did not strengthen his case by making available tapes of his telephone conversations with him. It turned out that he had erased those sections of the tapes in which money matters were discussed.

In summation, Reinhard Daum, an attorney for Mr. Heidemann, said the prosecution had made his client "the scapegoat" in a proceed-

(Continued on Page 2, Col. 1)

Reuters

Boris Becker kissing his trophy Sunday after the 6-3, 6-7, 7-6, 6-4 defeat of Kevin Curren that made him, at 17, Wimbledon's youngest singles champion. Page 19.

INSIDE

TOMORROW

The U.S. Supreme Court, which last year seemed to take a sharp turn to the right, turned this year toward a more centrist position.

Czechs Hail Catholicism At Festival

By David Storey
Reuters

VELEHRAD, Czechoslovakia — In one of the biggest church festivals in Czechoslovakia since the Communist takeover in 1948, an estimated 100,000 Catholics reaffirmed Sunday the popular strength of the church in Czechoslovakia despite decades of oppression.

Chants of "Let the pope come!" and "Long live the pope!" marked the open-air celebration of the 1,100th anniversary of St. Methodius, who brought Christianity to the Slavs and is believed to be buried in this Moravian village. Communist authorities refused permission for the pope to take part in the celebrations.

The crowd at the event booed a local Communist official who implied it was a gathering for peace rather than a religious ceremony.

Cardinal Agostino Casaroli, the Vatican secretary of state, presided over the Velehrad festivities. At the same time, in St. Peter's Square in Rome, Pope John Paul II was telling Catholics to be spiritually united with Czechoslovakia's people.

In a sermon on the grounds of Velehrad's baroque basilica, Cardinal Casaroli told his listeners they were the heirs of St. Methodius. Cheered and applauded, he read a message from the pope, who said he was "present in spirit" in Velehrad.

The pope, who issued an encyclical, or papal letter, on the theme of St. Methodius and his brother St. Cyril last week, said their teachings remained alive today. In the encyclical, the pontiff prayed that the people of Eastern Europe would be unhindered in their faith.

Most of those present Sunday were from Slovakia, where Catholic traditions are strongest. Church leaders say that about 60 percent of all Czechoslovaks have been baptized Catholic.

There was only a discreet police presence, including plainclothes officers who stood by quietly.

The celebration was expected to strengthen Cardinal Casaroli's hand in talks Monday with the government, which severely restricts religious activities.

Nepal's Paradise Lost

Bombs, Unrest Aimed at Monarch

By William Branigin
Washington Post Service

KATMANDU, Nepal — A series of terrorist bombings that shattered the image of this Himalayan kingdom as a Shangri-la has added a new dimension to weeks of political agitation against the government and highlighted opposition among some Nepalese to the country's royal family, according to Western and Nepalese sources.

The bombings last month, the first such terrorist attacks here, came as a shock in a country renowned as a tranquil, tolerant melting pot of Eastern religions and cultures.

Seven persons were killed and more than 20 wounded in the bombings over a three-day period in Katmandu and three other cities. Two anti-monarchist Nepalese exile groups based in India have claimed responsibility for the bombs in the capital.

The explosions damaged two gates of the royal palace, an entrance to the Rashtriya Panchayat, or National Assembly, and the lobby of a luxury hotel.

The government has declined to comment on the claims, but a palace spokesman said that the bombings were "directed at the crown" and characterized the perpetrators as "a very small lunatic fringe, which is against the monarchy."

The monarchy is believed to enjoy widespread support in this nation of 16 million people, the world's only Hindu kingdom. King Birendra is revered by many of his subjects as an incarnation of the Hindu deity Vishnu.

But lately, according to residents, there have been signs of mounting public dissatisfaction with members of the 39-year-old king's family. There have been signs of opposition, as well, to the country's ban on political parties and unions and frustration over the government's handling of serious economic problems.

Among the most acute problems, Western and Nepalese sources say, are rampant official corruption and the spread of heroin addiction among youth. The problems are considered to be related. Social workers say the complicity of high-ranking officials has helped turn Katmandu into a transit point for international heroin trafficking.

While the government has tended to dismiss the drug problem as one limited to foreign young people attracted by Nepal's plentiful supply of hashish, social workers estimate that 10,000 to 12,000 of Katmandu's 300,000 inhabitants, 99 percent of whom are Nepalese, are heroin users. In 1978 the number of addicts was estimated at 50.

In a recent newsletter published here, the Reverend Thomas Gafney, an American Jesuit missionary who runs Nepal's only treatment center for drug addiction, said the abusers of hard drugs include students, military and police personnel, pilots and airline employees, and children of rich and poor alike.

He said that merchants, diplomats, professionals and "peo-

(Continued on Page 5, Col. 1)

Allies Shun Call Against Lebanon

New York Times Service

WASHINGTON — The United States has failed to win any firm backing so far in its effort to enlist international support for closing down Beirut International Airport on the ground that it is a haven for terrorists, officials in the Reagan administration said.

The American plan has provoked a wave of protest in the Arab world and, on Friday, a delegation said to represent all Arab countries asked the State Department to reconsider the action. The Lebanese government, in a letter to the United Nations secretary-general, said the plan was "out of proportion" to the harm done by the hijacking.

Some State Department officials said the plan to "isolate" the airport, announced July 1, had been pushed through by the White House to show that the United States was going to take action in retaliation for the hijacking of a Trans World Airlines jet. The 39 remaining passengers and crew from the plane were freed June 30.

"The silence is deafening," a State Department official said about the response from the West European allies, whose support would be crucial for the U.S. plan to be effective.

Lebanon, meanwhile, called Saturday for a special meeting of Arab foreign ministers as part of its effort to counter the steps to isolate the airport.

An announcement by Fuad Turk, the undersecretary of foreign affairs, said President Amin Gemayel and Prime Minister Rashid Karami had instructed him to request the meeting, under the auspices of the Arab League, as soon as possible. Mr. Turk said Lebanon

(Continued on Page 2, Col. 2)

Fatal Shot, Criminal Charges End Brothers' Climb to Success

By M.A. Farber
New York Times Service

NEW YORK — Until the night of June 12, when he lay dying outside New York's Morningside Park of a gunshot fired by a plainclothes police officer who was not much older than he, 17-year-old Edmund Perry seemed bound for a destiny far removed from his Harlem surroundings. So, it seemed, was his 19-year-old brother, Jonah.

"Don't look for praise," Edmund had written the month before to a girlfriend at Milton Academy outside Boston. "Don't ask for pity. Don't rise for glory. But know yourself and command respect."

To many who knew Edmund and Jonah Perry — and to many who knew the police officer — the turn their lives took that warm June night seems inexplicable. Just as the Perry youths had no criminal records, and evidently no history of juvenile offenses, 24-year-old Lee Van Houten was known as an even-handed and level-headed, if relatively inexperienced, officer.

With the help of dedicated teachers and a mother they revered, and with benefits derived largely from the civil-rights movement of the 1960s, the Perrys seemed to have eluded the world of dropouts and unemployment, of blighted buildings and rampant drugs and chronic crime.

Edmund was newly graduated from Phillips Exeter Academy in New Hampshire, was working as a summer clerk at the Wall Street brokerage house of Kidder, Peabody & Co. and was headed this fall for Stanford University in California, where he had talked of going for years. Jonah, a 1984 graduate of the Westminster School in Connecticut, where he was captain of the track team, had just completed his freshman year in the engineering program at Cornell University in New York.

The story of these brothers is a story of a tightening friendship, of academic attainment, of pride in being black and of ambiguous feelings about largely white environment in which they spent more and more of their time.

On June 12, all that came to an abrupt end for Edmund Perry.

The police said Edmund was shot while he and another person were beating and trying to rob Mr. Van Houten, who, dressed in jeans and sweatshirt, was scouting for car thieves.

On Wednesday, a grand jury said the other person was Jonah and indicted him on charges of assault and attempted robbery. The grand jury also said the police officer had acted in self-defense and cleared him of any wrongdoing.

The Perrys seemed to have eluded the world of unemployment, of blighted buildings and rampant drugs and chronic crime.

The death of Edmund Perry, under circumstances described by the police, was received last month with disbelief as well as shock, not only in the black community in New York but also on the Exeter campus in New Hampshire.

Some black political and religious leaders, saying they are increasingly concerned about incidents of police brutality, have joined Veronica Perry, the youths' mother, in charging that the shooting by Mr. Van Houten, who is white, was racially motivated. Perhaps, they say, Edmund was baited in some fashion or pushed into a confrontation.

But Mr. Van Houten, according to police officials and his colleagues in the 26th Precinct in Harlem, was considered no more likely to engage in racism or provocation than Edmund and Jonah Perry were thought likely to engage in muggings.

Until he fired the three shots from his .38-caliber revolver on June 12, Mr. Van Houten had never used his weapon outside practice in two years on the police force. He holds one commendation for chasing and apprehending a person with a gun, and apparently no charges have ever been filed against him with the Civilian Complaint Review Board.

The facts of what happened on June 12, let alone the reasons, are still fragmentary. They are based almost entirely on information provided by law-enforcement sources or other people close to Mr. Van Houten.

Witnesses found by the police, who the police say support the officer's account of being attacked, have not spoken out publicly or been named. Because of his condition, no statement was taken from Edmund before he died. Jonah, who initially indicated that he would cooperate with the police, took the advice of his lawyer to remain silent.

"They were beautiful children," said Mildred Ferrer, who lives several doors away from the third-floor, four-bedroom Perry apartment. "Everybody," Sheila Wright, another neighbor, added, "looked up to Jonah and Edmund. they were models for the other kids."

In 1974, Mrs. Perry separated from her husband and moved back to the block on West 114th Street, off the eastern edge of Morningside Park, where she had grown up.

In an area where burned-out and boarded-up tenements predominate, it is an unusual block of 36 federally owned, five-story walkups, a block of well-maintained buildings that were renovated in the late 1970s.

For many years, according to the police, the block was considered a center for narcotics trafficking, with murders of heroin dealers. But that problem, at least along this small stretch of homes, the police say, seems to have diminished since the mid-1970s.

At Wadleigh Junior High School, the Perry boys came under the tutelage of Eduoard E. Plummer, the school coordinator for a national program called A Better Chance, or ABC. The privately operated program, founded in 1963 with assistance from the federal government, recruits talented minority students for enrollment in some of the country's most selective college preparatory schools.

Mr. Plummer wrote ABC that Jonah, the president of his class at Wadleigh, was "a willing worker who struggles hard to overcome obstacles." In the fall of 1980, ABC placed Jonah at the Westminster School in a semi-rural suburb of Hartford, where he was one of

(Continued on Page 3, Col. 1)

NYT

Edmund Perry.

Stable Trend May Keep Craxi in Office

By Henry Tanner
International Herald Tribune

ROME — The possibility that Bettino Craxi may become the first postwar prime minister to serve a full five-year legislative period is being discussed more seriously by Italian politicians and foreign observers.

The dynamics of party politics appear to confirm that likelihood.

As tradition demands, Mr. Craxi offered his government's resignation Thursday to Francesco Cossiga, the newly elected head of state. Mr. Cossiga rejected the offer because there has been no serious challenge to the government.

NEWS ANALYSIS

Moreover, the five parties in the government's coalition decided against a major cabinet shakeup. A few posts may change hands, but the party balance within the government is expected to remain basically unchanged.

The five parties — Christian Democrats, Socialists, Liberals, Republicans and Social Democrats — feared that an attempt to alter the government's balance would touch off a crisis that they might not be able to control, and their foremost interest now is continuity.

Mr. Craxi, a Socialist, therefore is certain to complete his second full year in office next month.

If he remains in office until November, which also now appears likely, he will become the longest-serving prime minister in the history of the Italian republic. Aldo Moro, who served two years and three months before he was murdered by the Red Brigades in 1978, still holds the record.

In another effort to maintain continuity, the five government parties agreed last week to back Amintore Fanfani, a veteran Christian Democrat, to succeed Mr. Cossiga as president of the Senate. Mr. Cossiga is also a Christian Democrat.

Ciriaco De Mita, secretary of the Christian Democrats, had made a strong appeal in Mr. Fanfani's favor to his allies in the government, including Mr. Craxi. After a few days of hesitation they all agreed as they had no valid candidates of their own.

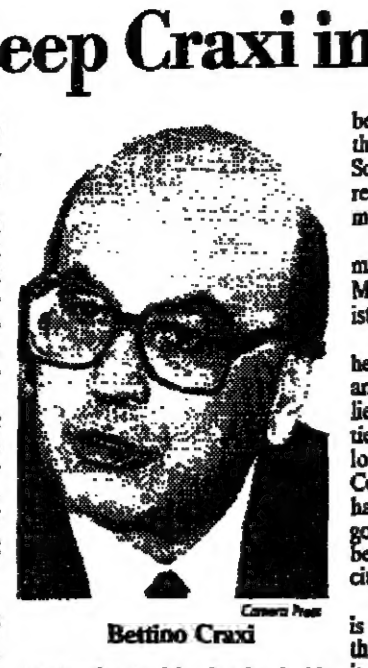
The opposition Communists, who already have the presidency of the lower chamber, and the neo-Fascists also have agreed to accept Mr. Fanfani.

The election of the Senate president Tuesday will be a replay of the swift, friction-free election of the president. It also will be a triumph for Mr. De Mita, who has used his party's power and his negotiating skills to avoid a political fight.

But the coming months will not be entirely peaceful.

Agreement within Mr. Craxi's cabinet does not extend to basic economic policy, an area in which the prime minister has promised to work out a comprehensive new program.

The most crucial economic issues are also highly political, for Italy's inflation and unemployment are both unacceptably high. Both were singled out as key problems



Camera Press

Bettino Craxi

Wednesday by Mr. Cossiga in his inaugural address and last week by the Organization for Economic Cooperation and Development in its annual report on Italy.

On another front, the government parties continue to haggle over the composition of local governments in most of the country's large cities, including Rome, Milan, Turin, Florence and Venice.

Until recently, most of these cities were ruled by a left-of-center coalition in which the Communists and Socialists were the main partners, even though the two parties were fighting each other at the national level.

The Christian Democrats, under Mr. De Mita, have been pressing Mr. Craxi to dissolve the local coalitions. They have asked that they be replaced either by an alliance of the Christian Democrats and the Socialists or of all five parties represented in the national government.

The party expects Mr. Craxi to make that move to repay Mr. de Mita for backing him as prime minister.

When the Communists lost heavily in the May 12 municipal and regional elections, it was believed that the five governing parties would swiftly create their own local coalitions, excluding the Communists in cities where they had been key members of the local government. But negotiations have been dragging on in nearly every city.

The political mood nonetheless is one of unusual tranquility, and the prospects for long-range stability are seen as better than in many years.

The major newspapers have commented in editorials that the leading parties lack either the desire or the power to provoke a government crisis.

Mr. De Mita has said the Christian Democrats are not in a hurry to reclaim the prime minister's seat and are willing to go along with Mr. Craxi for the time being.

The Communists, still Italy's second most powerful party, are licking their wounds after two defeats, one in the regional and municipal elections and the other in the recent referendum on reforming the wage system. Preoccupied with an internal debate on future policy, they are not expected to make a major move soon.

The Associated Press

UNDER THE HORN — Two men try to shield themselves from injury Sunday, first day of the annual running of the bulls in the streets of Pamplona, Spain. Two Spaniards were gored and suffered leg injuries.

WORLD BRIEFS

Sudan to Try Nimeiri in Absentia

KHARTOUM, Sudan (UPI) — Gaafar Nimeiri, deposed as president of Sudan in a military coup in April, will be tried in absentia for corruption and treason, the official Sudan News Agency said Sunday.

The agency quoted Prime Minister Gazouli Dafaa Allah, a civilian appointed by the military government, as saying Sudan would formally request General Nimeiri's return from Egypt within a few days, and would try him in absentia if Egypt refused the extradition. President Hosni Mubarak of Egypt has already said he would not send General Nimeiri back to Sudan.

Mr. Mubarak said his government did not recognize the 1902 extradition treaty between the two countries made while both were under British rule, and that returning General Nimeiri to Sudan would violate Egypt's constitution.

ASEAN to Start Cambodia Initiative

BANGKOK (WP) — The non-Communist nations of Southeast Asia will begin a new initiative aimed at starting negotiations on a political settlement of the war in Cambodia when a six-nation conference begins Monday in Kuala Lumpur, Asian diplomatic sources said.

The foreign ministers of the Association of Southeast Asian Nations, which includes Thailand, Indonesia, Malaysia, the Philippines, Singapore and Brunei, plan to propose indirect negotiations between three Cambodian resistance groups on one side and the Vietnamese and their client government in Phnom Penh on the other.

The ASEAN initiative will highlight a new round of activity on the Cambodian issue aimed essentially at demonstrating the association's flexibility, diplomats said. They acknowledged that no negotiations on the six-year conflict, let alone a solution, were in sight.

Miners Withdraw From British Union

MANSFIELD, England (AP) — Nottinghamshire's miners have withdrawn from the National Union of Mineworkers in protest against union rule changes that make Arthur Scargill president until age 65.

Mr. Scargill, 47, led the union in a year-long strike over mine closures that ended with no settlement last March.

The 28,000 miners in the union in Nottinghamshire, where mines were not threatened by closure, worked throughout the strike. The district's union leaders voted Saturday, 228-20, to withdraw from the national union. In a statement from his headquarters in Sheffield, Mr. Scargill described the Nottinghamshire move as "astonishing" and a breach of union rules.

2d Submarine to Join Air-India Hunt

CORK, Ireland (AP) — A second robot submarine was readied Sunday to join the search for the flight recorders aboard an Air-India flight that crashed into the sea off Ireland two weeks ago with 329 people aboard.

A submarine that last week spotted parts of the Boeing 747's fuselage believed to contain the flight recorders was picking up continuous signals from the recorders' beacons, according to a spokesman for the British communications company Cable and Wireless.

He said the submarine still had not precisely fixed the point from which the signals were coming, and that the second robot craft would continue the search. Officials hope the recorders can determine the cause of the June 14 crash, in which sabotage is suspected.

Irish Protestant March Ends Quietly

PORTADOWN, Northern Ireland (Reuters) — More than 1,000 soldiers and police were in force Sunday during a Protestant parade through a Roman Catholic neighborhood, and the march ended quietly despite brief scuffles.

Three people were arrested after 50 demonstrators tried to block the march by lying in the road. The hardline Orange Order warned that it would parade along the same route next weekend in defiance of a police ban.

Police originally had barred the 2,000 marchers from entering the tiny Catholic enclave in Portadown, which is overwhelmingly Protestant. But in a compromise criticized by Irish nationalists, police said the parade could continue if marchers agreed to avoided the area next weekend, when the principal Orange Day parades take place. The order stages the parades to celebrate the victory of King William of Orange, a Protestant, over King James II, a Catholic, at the Battle of the Boyne in 1690.

Sofia Frees Turk in Papal Plot Trial

ISTANBUL (Reuters) — Bekir Celenk, a Turk accused by Italian prosecutors of conspiring in the attempted assassination of Pope John Paul II, has been detained by Turkish police on arrival from Sofia.

Mr. Celenk is among five Turks and three Bulgarians being tried in Rome on charges of involvement in the 1981 attack. One of four defendants being tried in absentia, Mr. Celenk was taken to police headquarters Saturday night in Istanbul for questioning.

In Sofia, the Bulgarian news agency carried a statement saying that Mr. Celenk was allowed to leave Bulgaria after an investigation by the Bulgarian authorities found no "proofs of any participation by Celenk in the attempt on the pope."

British Airways, Alia Flights Aborted

BREST, France (AP) — A Boeing 747 of the Jordanian airline Alia made an unscheduled landing Saturday at a military airport in Brittany after a bomb threat, a government official reported.

On Friday, a British Airways Boeing 737 on a flight from London to Malaga, Spain, made an emergency landing in Dinard in Brittany after that airline's office received a threatening phone call.

The official said the Alia jet landed at an airport in Landivisiau after a threatening call was received in Frankfurt. Police in Rennes reported that the 201 passengers and 21 crew members were evacuated and that a British security team searched the plane and found nothing.

Mexican Police Clash With Rightists

HERMOSILLO, Mexico (AFP) — Ten people were slightly injured Sunday in the town of Agua Prieta as police clashed with members of a rightist opposition party before an election in the northwestern state of Sonora.

The injuries occurred Friday night when police forcibly evicted members of the National Action Party from the local electoral commission building. Party militants had taken over election offices there and in other towns in Sonora to dramatize their demands for the opening of more polls and the allocation of additional offices to their party.

The army removed party members from a building in the town of Hermosillo, 1,100 miles (1,800 kilometers) northwest of Mexico City, but no injuries were reported. Sonora is one of seven states scheduled to elect governors Monday.

For the Record

Libya and Morocco set up a joint legislature this weekend, with advisory powers only, under a treaty of union signed in August. *(Reuters)*

Mengele's Son Selling TV, Book Rights, Sources Say

By James M. Markham
New York Times Service

TRABEN-TRARBACH, West Germany — Josef Mengele's son has preserved copyrights to many of his father's papers and is negotiating to sell them for almost $500,000, according to sources close to the son.

Rolf Mengele, the 41-year-old son of the Nazi war criminal, last month gave a Munich-based weekly magazine about 30 pounds (13.5 kilos) of diaries, documents, and photographs chronicling his father's life in South America after World War II.

The editors of the magazine, Bunte, said that any profits from reselling its serialized account of Dr. Mengele's life would be given to survivors of the Auschwitz death camp where the Nazi doctor performed medical experiments on prisoners.

Although Bunte has magazine rights to the material, Mr. Mengele has kept the potentially lucrative book, film and television rights to the documents and photos, according to sources in Munich.

According to a source close to Mr. Mengele, a communications company has offered somewhat less than $500,000 for the package. The informant declined to name the company, but said that negotiations were close to completion in Frankfurt.

Announcing last month that Bunte had access to the material, Norbert Sakowski, deputy editor in chief of the magazine, portrayed the Mr. Mengele as being moved by his conscience to remove the burden of the story of his father's life. The editor said that Mr. Mengele had made the documents available without asking for remuneration.

"His motive," the editor said in an interview, "was that he was burdened by the heritage of his father. He felt that if all of the details were published someday, or very soon, it would be all over."

Others who have spoken with Mr. Mengele say he has been seeking to parlay the Mengele papers into a best-selling book and movie. Herbert Bauermeister, a free-lance journalist from West Berlin, had reportedly been collaborating with him on a possible book project.

Mr. Mengele, an attorney, has largely disappeared from public view since Bunte announced June 14 that it had some Mengele papers.

Several people who have dealt with Mr. Mengele at Bunte say that his attitude toward his father remains profoundly ambivalent, a mixture of lingering filial loyalty and horror at accounts of his father's crimes. Mr. Mengele has told Bunte that he met his father only twice in his lifetime, the last time in Brazil in 1977.

At that time, according to a Bunte source, Mr. Mengele asked his father about his role in selecting prisoners for the Auschwitz gas chambers and performing experiments on others.

The father is said to have denied that he conducted experiments on living prisoners but acknowledged to his son that he chose many doomed to die.

In a West German television interview last month, Mr. Mengele reflected his apparent ambivalence toward his father by speaking several times of what he called "the accusations" against Dr. Mengele; he later spoke of "these accusations, these facts."

In order to secure the rights to the diary material, Mr. Mengele had to reach an agreement with Martha Mengele, his father's second wife, who lives in Merano, Italy, and who has a joint legal claim to Josef Mengele's legacy.

Mr. Sakowski, the Bunte editor, said he was not aware of any attempt by Rolf Mengele to exploit the material.

"Frankly, I don't care what he is doing," Mr. Sakowski said. "We have finished our series and we have finished our dealings with him."

A third article in what Mr. Sakowski said is to be a five-part Mengele series appeared in Bunte last week. Mr. Sakowski said the next two had already been written.

Mr. Sakowski denied rumors that Mr. Mengele had been paid a large fee for working with Bunte on the articles. He said Mr. Mengele's hotel costs in Munich had been covered.

Mr. Sakowski said that Burda GmbH, the publishing company that owns Bunte, had not determined which Jewish organization should distribute the company's profits from the series.

■ **Forensic Team's Report**

A Brazilian forensic team says in its final report that a skeleton buried in a cemetery near São Paulo is most likely Dr. Mengele's, The Associated Press reported from São Paulo.

The report, filed Saturday by the seven-member team, concluded that "the sum of the coincidences verified in the anthropological examination indicate that it is highly probable that the exhumed skeleton is that of Josef Mengele."

Romeu Tuma, the Brazilian federal police chief, was scheduled to fly Sunday to West Germany with two of the skeleton's teeth, three hand bones and some hair so that experts there could recheck the forensic conclusions against data of their own.

Police believe Dr. Mengele died Feb. 7, 1979, while swimming at Bertioga Beach, about 47 miles (76 kilometers) from São Paulo.

According to testimony from witnesses, Dr. Mengele's body was buried the next day under the name of Wolfgang Gerhard in the town of Embu, 17 miles from São Paulo.

Police said Wolfram and Liselotte Bossert, an Austrian-born couple who sheltered Dr. Mengele under an assumed name from 1975 until his drowning, would be arraigned Monday on two criminal counts, one for harboring a person who is using a false identity and the other for using false identification documents.

Each charge carries a sentence of one to five years.

U.S., Soviet Broaden Use Of Hot Line

New York Times Service

WASHINGTON — Administration officials have provided details of an "understanding" signed last month by the United States and the Soviet Union in which the two countries agreed to consult by way of the Moscow-Washington hot line in case of a nuclear explosion or a threat by a third party.

The purpose of the measure, the officials said Friday, is to prevent a war from starting because of a misunderstanding. It elaborates on a 1971 Soviet-U.S. agreement on measures for reducing the risk of nuclear war.

According to U.S. officials, both sides decided that, with the spread of nuclear technology, it was even more important to prevent the following from happening:

A third party, whether a nation or terrorist group, detonates or threatens to detonate a nuclear device. In the confusion, Moscow or Washington, thinking the other is responsible, launches a nuclear attack against the other.

This accord was separate from the Geneva negotiations on strategic and medium-range nuclear arms and on preventing the spread of an arms race into space, officials said. Those arms talks have made virtually no progress since they were resumed in March.

The negotiations for this new "common understanding" took place at a meeting of the Soviet-American Standing Consultative Commission, a group set up because of the 1972 strategic arms agreements. The commission meets in secret to discuss ways of improving or correcting existing arms-control accords.

In a break from tradition, the two sides issued a statement in Geneva June 14 revealing some of the results of their work, but it was largely unnoticed by the press.

Ambassador Richard H. Ellis, the chief U.S. member of the commission, issued a statement saying: "The United States and the Soviet Union entered into the agreement on measures in 1971 with the mutual objectives of helping to avert the outbreak of nuclear war and strengthening international peace and security."

At a news conference Wednesday in Geneva, several U.S. senators, who were observing the arms control negotiations, pointed to the "understanding" as an indication that the two sides were aware of the problems that might arise from terrorists having nuclear weapons.

This led to some press reports that the United States and the Soviet Union had agreed on "joint action" if terrorists threatened to use nuclear weapons.

But administration officials said Friday there was no agreement on joint action except immediate consultations through the hot line.

Diary Trial: An Unsolved Whodunit

(Continued from Page 1)

ing that had "elements of a show trial."

But the lawyer, at least in the judgment of German journalists covering the trial, did not manage to refocus the guilt elsewhere.

A more intriguing line of defense has been pursued by Kurt Groenewold, Mr. Kujau's attorney. Mr. Groenewold contended that Gruner & Jahr, the owners of Stern, were responsible for the fraud; that, in fact, they subconsciously wanted to be defrauded so as to expand circulation, make profits from republication rights and even humanize the image of Hitler.

The Groenewold defense is audacious and ideological. The lawyer has not been thwarted in pursuing it by Hans-Ulrich Schroeder, the chief judge at the trial. The magistrate has at times expressed incredulity and disgust at the legal and journalistic sloppiness that surrounded acquisition and publication of the diaries.

"Do you really believe, Mr. Klein," Mr. Groenewold asked the prosecutor in his summation, "that Kujau would have written these diaries and that Kujau would have been offered so much money and pressured so much if Gruner & Jahr had been a wine company or a scientific publishing house?"

Answering his own question, he continued: "The truth is that the diaries would have never materialized if Gruner & Jahr and Stern hadn't had the need to publish at any price highly paid sensations. Stern, with its chunks of gold and its spreading around of money, magnetically attracted everything that could be sold as sensational."

The lawyer depicted a meeting on Jan. 27, 1981, between Mr. Heidemann, Manfred Fischer, the chairman of Gruner & Jahr, and three other company employees as the beginning of a plot to secure bogus copyrights for the diaries and that guaranteed that Stern would not discover they were forgeries.

He did not accuse Mr. Fischer and senior Stern editors of being aware that the diaries were fabrications. Rather, he contended, the issue of authenticity did not matter.

Heiner Bremer, an editor at Stern, in response, said: "We know that we made embarrassing mistakes, but to conclude that this was a plot is just dumb."

Mr. Heidemann has had regrets. He reminisced recently about his own search for Josef Mengele, the Auschwitz concentration camp doctor, in South America while he was a reporter for Stern.

"I met with Rudel in Paraguay," he recalled, referring to Hans-Ulrich Rudel, the German fighter ace and Hitler apologist, "and he told me that Mengele had died in Brazil a few years earlier. I didn't believe him."

Now that Mengele's death has been authenticated, what did Mr. Heidemann think about the Mengele diaries now being serialized by the Munich magazine Bunte? "I have no doubt they are authentic," he said, smiling weakly.

Pope to Write Weekly Column For Newspapers

Reuters

LONDON — Pope John Paul II is to become a syndicated newspaper columnist, it was announced Sunday.

Rupert Murdoch, the Australian publisher, has signed up the pope to write a weekly column for hundreds of newspapers around the world, according to Arthur Brittenden, a Murdoch spokesman. He did not say when the column would start.

"I don't know if he is going to be paid," Mr. Brittenden said. "If he is, I would imagine it would be in the form of a contribution to church funds."

Mr. Brittenden said he doubted that the pope's column would be heavily edited by Mr. Murdoch's editors or the other papers that buy it. "I think it will be of such enormous value that people will want the original thing, word for word," he said.

Socialists End Election Feud In France

Reuters

PARIS — The Socialist Party agreed Sunday on the distribution of candidates among its factions for the parliamentary elections in March after bargaining overnight, party officials said.

Opinion polls have suggested that the Socialists will lose their parliamentary majority. In a sign that they expect heavy losses, the candidacies were distributed on the assumption that the Socialists will keep only 169 of the 285 seats they hold in the 491-seat assembly.

The assembly elections will be held under proportional representation for the first time since 1956.

Party leaders said that they had resolved a dispute over who will lead the party into elections.

Political analysts said the argument was mainly over whether to maintain a relationship with the Communist Party, which quit the government a year ago, or to go into the election alone and shift toward the center.

Lionel Jospin, the party leader, who wants to retain links with the Communists, said after a meeting of the party executive on Saturday that he was no longer in disagreement with Prime Minister Laurent Fabius, who is more centrist.

They have agreed, Mr. Jospin said, to chair jointly the party's opening campaign meeting in November. Mr. Jospin had threatened to resign if the rest of the party leadership did not back him fully.

Under the election plan, Jospin supporters will have 81 candidates; followers of former Prime Minister Pierre Mauroy, who is considered close to the Jospin faction, will have 29. Supporters of Michel Rocard, a former agriculture minister and a centrist, will put up 27 candidates

A poll published Saturday by a conservative weekly, Figaro-Magazine, found Mr. Rocard the most popular Socialist leader, with a 54 percent favorable rating, compared to 47 percent for Mr. Fabius and 25 percent for Mr. Jospin.

Engine Out, 747 Lands in Sydney

The Associated Press

SYDNEY — A Canadian Pacific jumbo jet with 326 people on board made an emergency landing Sunday at Sydney International Airport. The airport has been without fire fighting services for a week because of a strike.

The 747, enroute from Vancouver, Canada to Melbourne, made an uneventful landing with one engine shut down. Airport authorities arranged alternative standby fire fighting services after the pilot requested fire cover, officials said.

Firefighters seeking a shorter, 38-hour week and increased manning levels say the strike will go national unless their demands are met. The dispute has severely curtailed flights in and out of Sydney.

Allies Shun Call Against Beirut Airport

(Continued from Page 1)

would ask the Arab ministers for their support.

Mr. Turk has been consulting with Arab, European and other foreign diplomats here in efforts to persuade them that the American campaign against the Beirut airport is unfair and unjustified.

He said the diplomats had been completely responsive to Lebanon's position and that as far as he knew, not a single country had supported the American proposals for a boycott.

The United States said that all flights to the United States by the two Lebanese air carriers — Middle East Airlines, the national carrier, and Trans-Mediterranean Airways, a cargo line — had been canceled and that all American carriers would be barred from using the Beirut airport. A senior State Department official said that the United States would try to persuade other nations to deny landing rights to the Lebanese and to prohibit their own airlines from going to Beirut.

In practice, however, no scheduled airline flies to Beirut now, except for Middle East Airlines. It flies frequently to Cyprus and to points in Europe and the Middle East.

The United States also wanted a secondary boycott under which countries that allowed flights from Beirut to land at their airfields would find that their airlines would be barred elsewhere, including the United States.

The lack of support from allies and the hostility toward the move in Arab countries have raised new problems for the administration, which has been trying to take advantage of the hijacking drama to galvanize world opinion and obtain action against terrorists and those who harbor them.

It has also come at a time when the administration is trying to obtain Syrian support in efforts to free seven Americans who have disappeared in Lebanon in the last 16 months. President Ronald Reagan telephoned President Hafez al-Assad of Syria last week to thank him for the key role Syria played in the release of the 39 hostages and to renew his request that the Syrians help in efforts to free the remaining Americans.

The Washington Post reported on Friday that Mr. Assad responded negatively to being told what to do. But the State Department denied the account. Edward P. Djerejian, a spokesman, said: "We have reason to believe that Syria is making an effort to play a positive role in securing the release of the seven American hostages in Lebanon."

Mr. Djerejian also denied recent press reports, attributed to administration officials, that the United States believed Iran had been helpful in securing the release of the TWA hostages.

In Beirut, an anonymous caller, saying he spoke for the shadowy group known as Islamic Jihad, told a foreign news agency that the group rejected any attempts by Syria to secure the release of seven Americans. The caller said the Americans would be killed if there was pressure to have them freed.

Catholic Priests Drop in Numbers

United Press International

VATICAN CITY — The number of Roman Catholic priests is continuing to diminish worldwide, but new priests have been ordained in increasing numbers since 1979, a Vatican study shows.

The study, released Saturday and covering the years 1973 to 1983, showed a drop in the overall number of priests, from 433,089 in 1973 to 406,376 in 1983. However, there were 63,795 men studying for the priesthood in 1973, compared to 77,044 in 1983.

Most of the overall decline was due to deaths, with 7,259 priests dying in 1973 and 7,325 in 1983. In 1973, a total of 3,790 priests left the priesthood, compared with 1,258 in 1983.

Blast Destroys Corsican Villa

Reuters

AJACCIO, Corsica — A bomb destroyed a villa here Saturday, despite a truce against bombings announced last week by Corsican separatists, police said.

Hanoi to Return MIA Bodies

(Continued from Page 1)

with Mr. Shultz, said in Washington last week that it might be possible to station a U.S. technical team on POW-MIA issues in Hanoi continuously for the foreseeable future if Vietnamese cooperation on the matter improves "significantly."

Small U.S. technical teams of five or six persons, headed by a U.S. Army lieutenant colonel, have been visiting Ho Chi Minh City — formerly Saigon — six times a year to discuss the 1,375 U.S. servicemen not accounted for in Vietnam. There are 1,089 U.S. servicemen listed as missing in action or prisoners of war in other parts of Southeast Asia.

State Department officials conceded that "the fullest possible accounting" — the official U.S. objective — would fall far short of the 2,464 total. A large number of servicemen disappeared in circumstances suggesting that their remains will never be found, the officials said.

The senior official who spoke to reporters Sunday in Hong Kong did not rule out a semi-permanent mission to Hanoi, saying that the need for this would depend on what the Vietnamese were prepared to do. Officials noted that Vietnam had previously made promises of intensified cooperation that were not fulfilled.

The official said the United States was prepared to undertake "high level talks" to explore Vietnam's two-year commitment after compiling a work program in Washington. He said five previous rounds of talks have been held on the issue with Hanoi since October 1982.

In addition to the missing in action whose remains have not been accounted for, Washington has refused to foreclose the possibility that some Americans are still in Indochina as prisoners. While there is no clear proof that Americans are being held, officials said, it would be irresponsible to rule this out given various reports of sightings of persons believed be Americans over the years. Vietnam has stated that there are no U.S. servicemen still in Indochina.

Resolution of the POW-MIA issue would not bring about normalization of U.S.-Vietnamese relations so long as the Vietnamese occupation of Cambodia persists, an official added, "getting this issue behind us would remove an obstacle to normalization."

AMERICAN TOPICS

Yellowstone Park: Last U.S. Ecosystem

After the Grant administration and congress founded Yellowstone National Park in Wyoming and Idaho in 1872, the concept of national parks spread rapidly throughout the United States and around the world. But environmentalists now say that the Yellowstone idea was not ambitious enough, The Washington Post reports.

"Congress saved about two million acres [800,000 hectares]," says Bob Anderson of the Greater Yellowstone Coalition, a union of 40 environmental groups. "But the whole ecosystem, the biological and geological unit, extends more than six million acres."

Naturalists say that because of human encroachments, only three complete ecosystems on earth are still largely intact: the Arctic, the Antarctic and Yellowstone. Environmentalists have been working for years to win legal protection for the entire ecosystem, with little success.

But they have acquired a couple of powerful allies: Robert D. Barbee, the Yellowstone Park superintendent, who says the present boundaries "do not encompass a complete ecological unit," and even more significantly, William Penn Mott, who ran the California park system under Governor Ronald Reagan and has just been named by Mr. Reagan as chief of the National Park Service.

On a recent visit to Yellowstone, Mr. Mott said he would work hard "to create a legal buffer zone around the park that represents the entire ecosystem."

Short Takes

The Environmental Protection Agency has modified its formula for measuring automobile fuel efficiency. Agency officials said this probably would bring all U.S. manufacturers into compliance with the law. This is expected to save General Motors and Ford more than $200 million in fines they might otherwise have paid because the average fuel consumption of all their cars exceeded the old standards.

Jobs for the few thousand remaining cowboys in the United States are getting scarcer. The cattle business is "very poor," Leo Johnson, assistant manager of the California Cattlemen's Association, told the Los Angeles Times. "It's not only in this state but wherever they raise cattle."

Reuters-UPI

Claudette Colbert

Stephen Beverlin, 28, who is being laid off, said, "Most broken-down cowboys end up in the construction business because they're not afraid of work."

Shorter Takes: The U.S. Bureau of Mines is commissioning research into the feasibility of using robots to improve mine safety and production. One problem to be solved: how robots will navigate uneven surfaces in tunnels. . . . Sad but true: A branch bank has opened on the site of the Sans Souci, a restaurant near the White House where the Washington elite used to meet in the 1960s and 1970s, but which later went out of business.

Notes About People

Geraldine A. Ferraro, the 1984 Democratic nominee for vice president, has hired a poll-taker to help her decide whether to seek the nomination for the Senate from New York next year and challenge **Senator Alfonse M. D'Amato's** bid for re-election. A New York Daily News poll in late May showed Mrs. Ferraro trailing Mr. D'Amato 35 to 43 percent but easily defeating likely primary opponents. However, 36 percent of those interviewed had an unfavorable opinion of Mrs. Ferraro as against 50 percent with a favorable opinion. The New York Times called this "a large negative."

Frank Sinatra has ended his self-imposed exile from Atlantic City. During a 1983 visit he demanded that a blackjack dealer deal from her hand rather than from a plastic container, a violation of New Jersey law. New Jersey's casino commissioner, Joel R. Jacobson, then described the singer as "an obnoxious bully." But after Mr. Jacobson criticized a "Doonesbury" comic strip satirizing the incident, Mr. Sinatra said through a spokeswoman that he would be returning, probably this fall.

Claudette Colbert, who is co-starring on Broadway with **Rex Harrison** in Frederick Lonsdale's "Aren't We All?" says she is 81 and has never made a secret of her age. Mr. Harrison is 77. Miss Colbert says: "The only time I ever felt age happening was when I hit 40. I suddenly had a funny feeling. Fifty didn't bother me, and 60 bothered me even less, and then I got to the point where I was rather pleased with my age."

— *Compiled by* ARTHUR HIGBEE

U.S. Farmers Got Loans, but No Ultimate Solution

By William Robbins
New York Times Service

KANSAS CITY, Missouri — After a winter of worry over debt burdens and threatened bankruptcies, it appears that more farmers than expected have obtained the credit they needed to continue farming for another year.

But some farm experts warn that the situation masks deepening financial problems both for troubled farmers and for bankers who have continued to advance credit after suggesting earlier that they would not do so.

Many of the experts believe that no more than 5 percent of the troubled farmers were ultimately denied operational loans, although many had to turn to the lender of last resort, the U.S. government's Farmers Home Administration.

That figure is about three times the normal attrition rate for borrowers, but is far lower than projections made last winter.

The biggest short-term lenders to farmers are agricultural banks. Although the banks' financial problems have increased, they have continued to keep problem farm loans on their books at levels higher than they projected earlier this year.

In doing that, many experts say, the banks seem merely to have postponed problems.

In many instances, some say, the banks were reluctant to acknowledge losses by foreclosing immediately on loans that they now carry on their books as assets.

"When push came to shove, the lenders realized it would be a lot less painful to go along with their farmers another year," said Marvin Duncan, senior economist for the Federal Reserve Bank of Kansas City. "What they have done is push into the future some very real problems."

Mr. Duncan said the banks likely will not begin pressing farmers until after the harvest. The farmers with the most serious financial problems will not have good news for their bankers, he predicted, and higher levels of attrition will result.

Figures on actual credit denials are far from precise. Frank W. Naylor Jr., the Agriculture Department's undersecretary for small community and rural development, recently estimated the denials at 5 percent, a figure that he said was "generally accepted."

Mr. Naylor said he based his estimate on a private banking survey by the Norwest Corp. of Minneapolis, as well as on the Agriculture Department's preliminary survey of planting intentions and "other indications" from lenders.

Broader data available on other principal sources of credit paint a different picture. Production Credit Associations, which are part of the cooperative Federal Farm Credit System, provide about 20 percent of short-term farm loans. Recently they reduced their lending by about 6 percent in the first quarter of this year, a 12-percent drop from a year earlier.

Troubled farmers often turn to the Farmers Home Administration when they fail to get credit elsewhere. Nearly 13 percent of their applications were rejected this year, but about 84,000 farmers, substantially more than last year, have gained the federal agency's operational credit assistance.

A widely quoted survey by the American Bankers Association led to predictions that agricultural banks would refuse to continue financing 13 percent of their former farm borrowers this year. The Federal Reserve Bank of Kansas City estimated that credit denials would reach 12 to 15 percent.

But none of the main lenders denied credit at levels equal to the limits of those projections because of surprising decisions by Farmers Home Administration and the banks.

The Reagan administration was holding a hard line against legislators who wanted to expand the limits of its credit assistance program, which provided guarantees for banks that agreed to set aside up to 10 percent of troubled farmers' interest costs.

But at the same time, the Farmers Home Administration was advancing loans and loan guarantees at a rate that has exceeded $4 billion since Oct. 1, the start of the government's fiscal year.

The agency's direct lending, in fact, has already exceeded the financing of $1.9 billion authorized by Congress for the fiscal year. To provide the extra money, Mr. Naylor used his authority to transfer from an emergency fund on which Congress placed no ceiling.

Available data paint a picture of deepening stress for many of the country's agricultural banks, a situation that was underscored recently when seven banks in Iowa failed in one day.

The Federal Deposit Insurance Corp.'s list of problem banks now stands at about 960, according to Kenneth Walker, the agency's assistant director of bank supervision. About 34 percent of those, or about 370, are agricultural banks.

The Debt of America's Farmers

What they owe and own: Debt-to-asset ratios of farmers, by age and region of the country. The average farmer under 35 years in the Central United States owes $63 for every $100 of land and equipment owned.

	Under 35	35-44	45-54	55-64	65+
Central	63%	61%	46%	24%	10%
South	42	45	35	24	8
West	44	43	28	20	15
East	54	27	18	12	9

The average debt: Debt-to-asset ratio, the percentage of farms within that ratio and the average debt of those farms.

Ratio	% of farms	Debt
0-10%	37.9%	$ 12,000
11-40%	28.8	187,000
41-70%	17.9	325,000
71% or more	15.4	328,000

Source: Joint study by Food and Agricultural Policy Research Institute and the Farm Journal

The New York Times

Barry Crane, Bridge Expert, Is Killed

New York Times Service

NEW YORK — Barry Crane, 57, the contract bridge expert who won more titles than anyone else in the history of the game, has been found slain in Los Angeles. He was by profession a television producer and director.

He was found bludgeoned Friday in the garage of his luxurious home in Studio City, a neighborhood of Los Angeles. Police said there was no apparent motive for the killing and no arrests had been made.

As an amateur in a game dominated in recent years by professionals, Mr. Crane outdistanced everyone. His career total of master points, which measure success in tournament bridge, reached 35,000 a month ago.

Mr. Crane was invariably a contender in the race for the McKenney Trophy, awarded to the player winning the most master points in a year, and he won that title in 1952, 1967, 1971, 1973, 1975 and 1978. He was second five times. His total number of titles was about 500, almost double that of his closest rivals.

Playing with one of his favorite partners, Kerri Shuman of Los Angeles, Mr. Crane won the World Mixed Pair title in 1978 in New Orleans. He won 13 national titles, including six victories, a record, in the National Open Pairs.

In his professional life, he had many credits, primarily as a director but occasionally as producer. His credits include the television shows "Mission: Impossible," "Mannix" "The Six Million Dollar Man," "Hawaii Five-O," "Bionic Woman" and "Police Story."

■ *Other Deaths:*

Chris Woods, 59, an alto saxophonist who played in jazz groups led by Dizzy Gillespie, Clark Terry, Sy Oliver and Buddy Rich, Thursday in Brooklyn.

Luis Rogelio Nogueras, 40, a Cuban poet and novelist, Saturday of cancer, according to the Cuban press agency Prensa Latina.

UN Chief Is in Yugoslavia

The Associated Press

BELGRADE — Javier Pérez de Cuéllar, secretary-general of the United Nations, was in the northwestern city of Ljubljana over the weekend at the start of a four-day visit to Yugoslavia, according to Tanjug, the press agency. He was to spend two days in Slovenia and arrive Monday in Belgrade for talks with his host, Foreign Minister Raif Dizdarevic. He was to leave Wednesday for Vienna.

Bert Lance Quits Georgia Party Post To Fight Inquiry

United Press International

ATLANTA — Bert Lance, the former federal budget director, has resigned as Georgia Democratic Party chairman, saying he wants to free himself to fight a new investigation of his banking practices, party officials said Saturday.

Mr. Lance, in a letter sent Wednesday to the party's executive committee and released Saturday, said he was resigning "to regain my status as a private citizen and not because I've done anything improper."

A federal bank examiner's report leaked to The Atlanta Constitution last month said Mr. Lance had engaged in "numerous violations of the law" as chairman of Calhoun First National Bank.

The examiner's report, after an eight-month investigation, cited suspicious transactions. Mr. Lance resigned 11 months ago as general chairman of Walter F. Mondale's presidential campaign.

Robbery Attempt and Fatal Gunshot: The Shattered Destinies of 2 Brothers

(Continued from Page 1)

about 15 black youths in a student body of 335.

At Westminster, Jonah moved into a world of tennis and squash courts, coat-and-tie dinners, classes on Saturdays, chapel four times a week and teachers referred to as masters. And he adjusted well, school officials now recall.

'He seemed to make the transition from Harlem to the more affluent setting here very easily," Said August Ganzenmuller, the school's director of admissions. Mr. Ganzenmuller said Jonah ranked in the middle of his class academically.

"In a predominantly white school, some of the black students feel resentment or bitterness, but Jonah wasn't that way at all," said Gretchen L. Peterson, who shared a mailbox with him and ran with him on the track team.

"He was never bitter. He was always laughing about stuff," Miss Peterson said. "One day he got all this mail from Yale and Princeton and I joked with him. I said, 'Hey, Jonah, I didn't know you were smart.' He said, laughing, 'No, I'm just black.' "

W. Thompson Prewitt, who as Westminster's head of drama directed Jonah in "Guys and Dolls" and 'the Madwoman of Chaillot," sometimes gave Jonah rides to New York from the school and they talked over many things. According to Mr. Prewitt, Jonah said that had it not been for his mother, he would never have got out of Harlem, where he said most of his friends "were either involved in drugs or had had some brush with the law."

Mr. Prewitt said Jonah spoke fondly of his younger brother, Edmund. "He really admired Ed. He perceived Ed as having more discipline."

In 1980, when Jonah was still new to Westminster, Mr. Plummer at Wadleigh supported Edmund's application to ABC, saying that Jonah "serves as an inspiration" to his brother.

Edmund, Mr. Plummer wrote, was not only a superior student, with reading and mathematics achievement five years above his grade level, but he also was "a future leader." Edmund himself told ABC that he wanted to become a doctor and was building model ships and airplanes "because a doctor need a steady hand."

Edmund was pleased to be accepted at the 200-year-old Phillips Exeter Academy in Exeter, New Hampshire, where he was one of about 60 black youths in the student body of just under 1,000.

With its seminar-style teaching, its extensive library, its ivy-covered Colonial-era buildings and spacious playing fields, Exeter is the embodiment of an American ideal in boarding-school education. Stephen G. Kurtz, its headmaster, once described Exeter as "an escalator school — you get on the escalator and you get to work.'

Edmund got on that academic escalator in the fall of 1981, and, over the course of four years, maintained a B-minus average, qualifying him for honors. Paul R. Mahoney, the dean of students, said that other than being late for classes a few times, Edmund had no disciplinary record.

> 'Eddie told my peers to never commit a murder or rob or something because it was morally wrong and a disgrace to the black community.'
>
> Lamont O'Neil
> *a classmate*

Edmund, 6 foot 1 inch tall and skinny, and rarely lacking for perseverance, tried out for the basketball team. He did not make it, but he became a fringe player on the football squad. "Some kids are tough, hard-nosed — they go down on the floor and fight for the ball," said Malcolm Wesselink, Exeter's basketball coach. "Ed wasn't like that. He wasn't a tough kid."

"Eddie didn't hold back," said Lamont O'Neil, another student. "But after you got to know him you loved him. He had a great amount of self-dignity. Eddie told my peers to never commit a murder or rob or something because it was morally wrong and a disgrace to the black community."

Although Edmund — whose tastes ran from Eddie Murphy and Bob Marley to Richard Wright and Langston Hughes — easily made friends among both white and minority students at Exeter, Lamont O'Neil said Edmund generally "didn't trust whites. If you were white, he'd really watch you. Being black at Exeter makes you really sensitive to whites."

Edmund spent his junior year studying in Spain. The experience was "liberating" for him, according to his friends, and by the time he returned to Exeter last fall, he was ready to leave. "His only thing was to get on, go home, go to California, go back to Spain," said Malcolm Stevens, who roomed with Edmund in his senior year.

Edmund seemed buoyed in his senior year by his increasingly warm relationship with his brother, Jonah, with whom there had been some rivalry — "Eddie smart and Jonah cool," as a friend, Kennett Marshall put it. Jonah had just graduated from Westminster and was starting at Cornell, and Edmund was now walking around the Exeter campus in his brother's black nylon Westminster jacket.

Although Edmund had talked for several years about attending Stanford, he also applied and was admitted to Yale University, the University of Pennsylvania and the University of California at Berkeley. Admission officials at Berkeley thought so well of him that they waived the requirement that he write an essay.

Edmund graduated from Exeter on June 2. His yearbook page reflected both his appreciation of the school, and the disenchantment with it. "It's a pity," he wrote, "that we part on less than a friendly basis, but we do. Work to adjust yourself to a changing world, as will I."

On the evening of June 12, Edmund and Jonah were observed playing basketball on the cement court at Wadleigh Junior High. According to an account assembled by law-enforcement authorities, the two youths bet on who would win, with the loser taking the winner to a movie. But neither Jonah nor Edmund turned out to have any money, by this account, and around 9 P.M. the youths set out in the direction of Morningside Park to "rip off" somebody.

At that hour, on the western side of the park, Mr. Van Houten took up his duties as a member of an anti-crime patrol that hoped to catch the persons responsible for a rash of larcenies from the parked cars of doctors at St. Luke's Hospital.

Sometime between 9 and 9:30 P.M., according to the police, Mr. Van Houten left three "backup" officers in an unmarked station wagon. The police said Mr. Van Houten, who is 5 feet 10 inches tall, had his badge on a leather strap under his sweatshirt, and, in a paper bag, carried a radio connecting him to both the "backup" team and to any patrol cars that were tuned to that frequency.

NYT

Jonah Perry

According to District Attorney Robert M. Morgenthau, the officer was walking on the street alongside the park when he was jumped from behind and pummeled by Jonah and Edmund. The youths reached into the officer's pocket and demanded that he "give it up" — the "it," Mr. Morgenthau said, referring to money.

Mr. Van Houten had no words or other contact with his assailants before he was suddenly attacked, Mr. Morgenthau said. During the assault, Mr. Morgenthau said, Mr. Van Houten shouted in vain that he was a police officer, then nearly fell unconscious.

As Jonah pulled Mr. Van Houten to the ground from behind, according to Mr. Morgenthau, the officer reached for his gun in an ankle holster, and from a distance of less than a foot (30 centimeters), shot Edmund, who was in front of him. As Edmund fell, Jonah, according to the police, ran off without the officer's getting a good look at him.

Mr. Van Houten was hospitalized overnight with what the police described as cuts and bruises and a neck injury. Edmund was pronounced dead at St. Luke's Hospital early the next morning.

Police officials say they have had the cooperation of witnesses to the attack, as well as witnesses on the Perrys' block who can testify to overhearing an exchange between Edmund and Jonah in which the two — with Jonah taking initiative — planned an assault.

Other witnesses, the officials say, saw Jonah come running home alone around 9:30 P.M., saying "we got a DT." The initials, the officials said, stand for "detective."

Former Canadian Legislative Leader Tells in Tapes of Corruption, Orgies

United Press International

OTTAWA — Members of Parliament in the late 1970s placed electronic eavesdropping devices in House of Common meeting rooms, coerced kickbacks from secretaries and improperly awarded contracts worth millions of dollars, a former parliamentary leader has charged.

Lloyd Francis, deputy House speaker between 1979 and 1983 and now the Canadian ambassador to Portugal, also said in taped interviews published Saturday by news organizations that some members and their staffs obtained women for elected officials and participated in drunken orgies where women were expected to undress.

Mr. Francis, who said he had tried to eliminate the corruption, made the charges about sexual misconduct in eight hours of interviews with the Library of Parliament. The tapes were obtained by the Canadian Broadcasting Corp. which broadcast portions of them on Saturday.

Mr. Francis said Saturday he was angered that the tape recordings had been made public. He said he agreed to the interviews with the understanding that they would not be available to the public for 15 years.

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

Gromyko Moves Upstairs

Fire your veteran foreign minister precisely as you announce your first summit? That is what Mikhail Gorbachev did last Tuesday, with scarcely concealed disdain, to Andrei Gromyko, Stalin's wartime ambassador in Washington and later Soviet foreign minister for 28 years. The party leader relieved the world's most experienced high-level diplomatist of his line position, kicking him upstairs with faint praise — his policy contribution was described as "considerable" — to become head of state — a chair he will presumably keep warm for Mr. Gorbachev himself. He replaced him with the former party leader and top cop of Georgia, Eduard Shevardnadze, who, although he is no doubt a tough operator and an organization man in the Gorbachev mold, appears to have about as much familiarity with foreign affairs as with brain surgery.

It is a bold step for a new party chief, with only modest experience in security affairs, to oust the old pro of diplomacy and replace him with someone substantially less well prepared than himself. It is a striking signal of Mr. Gorbachev's self-confidence and of the consolidation of his personal power. A day earlier he had removed from the party's inner circle an evident key rival, Grigori Romanov.

Beyond that, the move announces the assertiveness of a new leadership generation and an intent to establish both tight control over a crucial policy area and the dominance of party generalists of the Gorbachev-Shevardnadze sort over specialists (and empire builders?) like Mr. Gromyko. Evidently this is how Mr. Gorbachev intends to get Russia moving again.

The meaning for the United States is something else. The Soviets who chat up American correspondents in Moscow have let it be known that Mr. Gromyko's ostensible promotion is actually something of a purge for having tried and failed to carry off accommodation with the United States.

Layers of this formulation are not easy to peel away. It appears, however, that at a time when the Soviet leadership has chosen to focus on domestic regeneration, it is advertising the outlines of a hard and steady foreign policy. Such a policy may emerge from the Kremlin's own political context; it is being justified in part by allusions to Ronald Reagan's hardness. It does not rule out agreements or selected reductions of tension with Washington, but it professes not to count on these developments and, in any event, it seeks to put upon Washington the burden of opening the way.

Mr. Reagan and Mr. Gorbachev are to meet in Geneva in November. At the moment the two are in a stance of limited expectations, but these things have a way of taking on a shape of their own as the event nears. Mr. Reagan is coming off a spell of heavy weather. Mr. Gorbachev is on a political roll. It is a time less of striking initiatives than of close and crucial calculation on both sides.

— THE WASHINGTON POST.

Spies, Secrets, Superiority

U.S. military secrets are poorly protected. The amateur spy ring allegedly run by John Walker is said to have operated for 20 years, but was detected only when his wife decided to turn him in. The leakage may have shifted the balance of the critical strategic tussle in which the U.S. and Soviet navies strive to detect each other's missile-carrying submarines.

The Walker story is not unique. More Americans are on trial for espionage than ever before. A Northrop employee is accused of trying to sell Stealth radar technology for $25,000. A former army cryptographer sold what he knew for $131,000. A Hughes Aircraft employee traded information on radar systems for $110,000. What is the remedy?

Most of the ideas floating around Washington seem dubious. The House wants to restore the death penalty for spies in the armed forces and to use more lie detector tests. But death is a barbaric penalty and lie detectors are little better than witchcraft. President Reagan advocates reducing the number of Soviet bloc officials in America, as if driving accredited intelligence agents underground would make them easier to watch. The real solutions lie deeper.

Since security clearances are performed without charge, agencies and contractors request them in excess. The checkers are overburdened, and precautions are laxly supervised. According to an internal Pentagon study, spying on 14,000 private contractors to the military is so easy that "a supermarket employee may encounter far more difficulty stealing a loaf of bread."

The first step should be reducing the excessive number of people — 4.3 million — who have access to secrets. (Navy Secretary John Lehman has found it possible to order a 50-percent reduction in such navy employees.) Next reduce the number of secrets to be guarded by inhibiting government's propensity to overclassify. The method of security checking also needs overhaul, in recognition that greed, not ideology, is the prevailing motive for espionage. Financial statements, examined annually, might give better clues to spies than intensive investigation of political opinions.

But leakage to spies is only one end of the problem of preserving technological superiority. The other is to ensure that the Pentagon makes fast use of the superior technology available to it. Its procurement process is so cumbersome that weapons take a decade or more to reach the battlefield.

Despite its greater spending for defense, the Reagan administration's efforts to preserve superiority have been uneven. It has tried assiduously to keep civilian technology of military value out of Soviet hands. It has even tried to stem a supposed leakage of academic information by demanding that papers be withdrawn from public scientific conferences.

Such controls of university research and foreign trade carry high costs and bring doubtful returns. More direct methods of maintaining technological advantage — improving procurement and modernizing counterespionage — have been neglected. The dismaying reports about the Walker spy ring should give a new focus to the entire effort.

— THE NEW YORK TIMES.

Other Opinion

Gorbachev Shifts an Iceberg

The vacant presidency gave Mikhail Gorbachev the chance to move one of the most awesome icebergs of the Soviet world. Andrei Gromyko's retirement from the Foreign Ministry he has dominated for a quarter century must eventually affect the substance as well as the style of Soviet diplomacy.

It could be — we may never know the truth of this — that he accepted the move without hesitation. To be president is an honor he would not have dreamed of a few years ago. He has been taking things a little easier in recent years. Even icebergs get old. Stories that he has found it hard keeping up with Mr. Gorbachev's pace are not beyond belief.

Soviet diplomats will have a very different model in Eduard Shevardnadze. Georgia has been one of the least icebound parts of the country, making a specialty of small-scale economic and administrative experiments.

Turning Mr. Gromyko into president and appointing a new foreign minister do not on their own signal a new foreign policy. Combined, though, with Mr. Gorbachev's plans for the country's problems at home, they almost certainly do. Mr. Gorbachev has launched the idea of "civilized relations" between world powers, and Soviet foreign policy experts have begun to discuss what that might mean.

— *Mark Frankland, The Observer (London).*

Mr. Reagan is moving to the close of his political life and is honorably obsessed with the idea of going out as the great Western peacemaker. Mr. Gorbachev has only just begun his life at the top and, though upsets can never be ruled out in the Kremlin, is clearly reckoning to stay there into the next century. This means he is in no hurry whatever about establishing his international reputation. On present evidence, he seems more concerned with revitalizing the sluggish Soviet economy than with seeking diplomatic laurels.

The contrast in approach could make the American president vulnerable. His allies may need to remind him that, long after he has faded from the scene, the West will probably be trying to do business with the same man in the Kremlin. Nothing must be given away now for one man's place in history.

— *The Sunday Telegraph (London).*

'Routine' Sniping at Greece

The Reagan administration has gone in for a routine denigration of the government of Andreas Papandreou — convincingly re-elected last month — and has made Greece a scapegoat for its own failures in foreign policy. Attacks on the vulnerable Greek economy, and rancorous insinuations about the prime minister, will be seen in Athens for what they are: high-handed interference in internal affairs, and unattractive nostalgia for the days when Greece did as Washington told it to.

— *Christopher Hitchens, Washington columnist for The Nation, writing in The New York Times.*

FROM OUR JULY 8 PAGES, 75 AND 50 YEARS AGO

1910: Russians, Japanese Sign Pact

ST. PETERSBURG — According to the "Novoye Vremya," the substance of the Russo-Japanese Convention [signed on July 4] is that Russia and Japan agree to cooperate in the working of their railways in Manchuria and to refrain from rivalry. Both Powers agree to maintain the "status quo" in Manchuria. "Novoye Vremya" states that it was [U.S. Secretary of State Philander Chase] Knox's proposal which brought the negotiations to a head, and the suggestion is made that Japan was only induced to abandon her dreams of further aggression in the Russian sphere of influence in the Far East by the sudden development of a United States forward policy in China.

1935: Germany Stiffens Penal Code

BERLIN — Heavy penalties for "army dodgers" and those assisting them are prescribed in a revised penal code published [on July 7], which comes into force on Sept. 1. Conscripts leaving the country are liable to six months' imprisonment, while anyone aiding their flight or helping the conscript to join a foreign army is liable to ten years' imprisonment. Persons who willfully damage public communications, including railways, air services and shipping, are liable to sentence of death or life imprisonment. Anyone ridiculing the Nazi party, its emblems or symbols is liable to a term of imprisonment. The penalties for homosexual offenses have been increased.

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The Road to Geneva Went Through Beirut

By Joseph Kraft

WASHINGTON — A deep inner logic connects the end of the hostage drama with the opening of a new perspective in Soviet-American affairs.

The hijacking exposed the empty bombast behind much of what has passed for foreign policy in the Reagan administration. With the right-wing ideological baggage stripped away, serious people in the administration have settled down to the serious business they should have been working on all along: improvement in U.S.-Soviet relations.

The hijacking, to be sure, was well managed by the president and his associates. They resisted the

Between his first talk with Reagan and his farewell to the hostages, Assad went to Moscow.

pressure of the networks to "Carterize" an act of terrorism into a teary test of presidential compassion. But of course the administration was not able to satisfy the bloodthirsty cries of its hard-line fans for acts of vengeful retaliation.

Beneath a cover of tough rhetoric, on the contrary, the Reagan administration trafficked from the beginning with all parties. Garrick playing Drury Lane on his best day could not have concealed from an audience faint with willingness to disbelieve three implicit bargains:

One, with the Israelis, was so implicit it nearly fell apart. A phone call from Prime Minister Shimon Peres to Secretary of State George Shultz saved the day. In what amounted to a quid pro quo, Israel began releasing some 700 Shiite prisoners taken during its recent withdrawal from Lebanon. In return, the Shiite leader, Nabih Berri, released the American hostages.

A second deal was cut with a leader infamous the world over as a patron of terror at home and abroad — President Hafez al-Assad of Syria. President Reagan spoke to Mr. Assad by phone on the night the TWA flight was seized. Mr. Reagan asked for help, and Mr. Assad clearly played the lead role in arranging for Mr. Berri to take control of the hostages from the original hijackers. Recognition of Mr. Assad's helpful part was acknowledged in selection of the point of transfer for the hostages. They did not find freedom under French or Swiss auspices, as many had expected, or through the Red Cross. The road home went by way of Damascus.

Between his first talk with Mr. Reagan and his farewell to the hostages, Mr. Assad went to Moscow. The visit was a curious business, unmarked by the usual dinners, speeches, toasts and communiqués. It can be surmised that the Soviet leader, Mikhail Gorbachev, encouraged Mr. Assad to be helpful on the hijackers. The last thing the Soviet leader wants at this point is another flareup in the Middle East, with

The elements of a deal are there: mutual restraint in missile defense, with cuts in offensive weapons.

more and more scope going to terrorist crazies and retaliation by American forces. Mr. Gorbachev has much, much juicier fish to fry.

Since the death of Konstantin Chernenko in March, Mr. Gorbachev has moved rapidly to assert his primacy. He has packed the Politburo and the Secretariat. He has scheduled a party congress for next February. From that congress he will derive his own Central Committee, his own five-year plan and his own party program.

The ouster of his former rival and Leningrad party boss, Grigori Romanov, and the elevation of Andrei Gromyko to the titular role of Soviet president — were only two more in a progress grown almost monotonous. But they left Mr. Gorbachev with a clear road to frame his own foreign policy. And he has repeatedly cited smoother relations with the United States as one feasible goal for Russia at this time.

But Mr. Gorbachev's bright smile, in Mr. Gromyko's well worn phrase, has "steel teeth." In arms control talks Mr. Gorbachev has persistently demanded concessions on President Reagan's "star wars" program as a price for considering reductions in Russia's arsenal of offensive weapons. He has regularly brushed aside complaints by Secretary Shultz and others regarding human rights in Russia.

The agreement on a Geneva summit in November promises to open a long, difficult negotiation on a wide range of subjects, including arms control. The elements of a bargain are present: mutual restraint in missile defense, with cuts in offensive weapons. There is no reason to accept the advance discount being put on the Geneva summit by the Reagan administration.

There is reason, however, for the sensible figures in the Reagan administration — notably Mr. Shultz and National Security Adviser Robert McFarlane — to put their own house in order. If the American delegation is hampered by opponents of arms control, if the United States has talked itself into positions it cannot decently sustain, now is the time to apply the chop. Events have handed Mr. Shultz and Mr. McFarlane the chance to seize control from the ideologues, and they will never have a better shot.

Los Angeles Times Syndicate.

Gromyko and His Memories Still Haunt the Kremlin

By James Reston

WASHINGTON — The announcement that Andrei Andreyevich Gromyko had been named president of the U.S.S.R., a few days before his 76th birthday, came as a surprise to official Washington. He had been around the Soviet Foreign Ministry for so long that few could imagine him leaving that center of power for a ceremonial job. And maybe he hasn't.

Mr. Gromyko joined the Communist Party in 1931, during the days of Stalin and Hitler. He has been ambassador in Washington (1943-1946), ambassador to the United Nations in New York (1946-1948), ambassador to Britain in 1956 and foreign minister for the last 28 years.

As foreign minister he served five leaders of his party, survived seven U.S. presidents and nine U.S. secretaries of state and remains not only as president of the Soviet Union but a senior member of its ruling Politburo.

It is conceivable but not likely that Mr. Gromyko has been kicked upstairs, where he will greet foreign visitors and no longer exert influence on Soviet foreign policy.

No doubt Mikhail Gorbachev will have different priorities and in due course will want to emerge on the world scene as the dominant foreign policy spokesman of his country. He has indicated as much by arranging to meet President François Mitterrand in Paris in October and President Reagan the following month in Geneva. But his immediate concern is the reform of the domestic economy. He is no expert on foreign policy himself, and has chosen as Mr. Gromyko's successor Eduard Shevardnadze, 57, a man of his own generation who has even less experience in foreign policy.

It would be surprising if Mr. Gorbachev, after four months in office, could make fundamental changes in foreign policy, even if he wanted to, without reference to Mr. Gromyko, whose appointees still dominate the Foreign Ministry bureaucracy and Soviet embassies abroad.

Accordingly, upstairs or down, Mr. Gromyko is likely to be heard in the Politburo with attention and respect for some time to come.

The notion that he has retired to the presidency as an amiable greeter of foreign visitors is hard to imagine. In all his years in Washington, New York and London, he seldom made a personal friend or a joke, and never departed from his arguments about what was right with the Soviet Union and wrong with the West. Maybe that is why he managed to survive for so long.

But he has too many memories, some of them good and some not so good. He is old enough to remember the carnage of the two world wars. He is one of the few remaining leaders in the world whose career has paralleled the entire atomic age.

He has other memories as well. Most are about his diplomatic battles with Washington in the

past; and if he retains his authority, which seems likely at least for a while, it is not going to be easy to open up a serious discussion between the United States and the Soviet Union about the future. For he remembers every chapter, every verse and every quarrel of the last 40 years, all stored away in the attic of an old man's mind.

But there is some evidence — not much, but some — that Mr. Gorbachev and Mr. Reagan may want to begin concentrating on the future, rather than listening to some of their advisers who insist on fighting the battles of the past. The two leaders cooperated more than is generally realized in the release of some if not all of the hostages in Lebanon, leaning on Syria and Israel and even getting the help of the religious fanatics in Iran in order to avoid a military confrontation.

It was not a pretty picture. The terrorists got what they wanted: the release of the Shiites from Israel and recognition of their grievances. But the hostages, not forgetting the seven left behind, were released with a nudge and a wink, which was shameful only if you fail to consider the alternative of sending in the marines.

The only thing that can be said about the episode is that it bought time, and the question now is whether Mr. Reagan and Mr. Gorbachev will use the time to think about the future or will concentrate on the advice of others, like Mr. Gromyko, who are stuck in the mud of the past.

There are the problems of the control of nuclear weapons, trade and finance and the hunger of the majority of the human race in the Third World, all of which are likely to influence the security of the United States and the Soviet Union in the last years of the century.

Fortunately, they have two things in common: the months of July and August, when the sun shines, even in Moscow. Nothing has been solved, and everything is still at risk, but between now and the summit meeting at Geneva in November, maybe even Mr. Gromyko will begin to think about the future instead of brooding along as usual about the past.

The New York Times.

Filipinos Jump From the Frying Pan Into the Fire

By Stanley Karnow

MANILA — I had expected, returning here after an absence of a year, to find that accounts of the Communist threat to the Philippines are vastly exaggerated. But I am forced to conclude, after a week of talks with credible sources, that the danger is underestimated in the United States and elsewhere.

What is most striking is the extent to which acceptance of the Communists is growing among middle- and upper-class Filipinos, who are completely fed up with the regime of President Ferdinand Marcos.

Although analogies are never exact, it is worth remarking that attitudes in Manila in 1985 resemble those in Managua during the last days of the Somoza dictatorship, when Nicaragua's elites believed that anything was preferable to the situation there at the time.

The moderate politicians, businessmen, academics and others here are naive to think that they can survive under an eventual government that contains a strong Communist element. Yet their frustration with Mr. Marcos is driving them to the point at which they see no alternative to cooperation with the Communists.

An American specialist observes that the Philippines is rapidly being caught up in a full-scale rebellion far broader than the Communist-led insurgency in the countryside.

The other day, for example, an old Filipino friend handed me a batch of Communist propaganda, saying that while he does not agree with it all, much of it "makes sense." Another Filipino friend, a prominent banker, offered to put me in touch with Communist agents based in Manila.

Communist leaders, most of them former professors and students from urban families, are aware that they can benefit from this mood of "radical chic." As a result they are striving to promote "front" organizations in order to build up their support.

Early this year they called for a boycott of the electoral process. But now they favor participation in local elections scheduled for May 1986, having decided that the public still believes in democratic procedures.

This does not mean that the New People's Army, the armed wing of the Communist Party, is diluting its military activities. On the contrary, its units are currently operating in 63 of the country's 73 provinces, often in battalion-scale actions.

Experts estimate that there are about 12,000 guerrillas in the New People's Army. More important than their number is the backing of some 5 million people who give them with money, food and intelligence.

Unlike the Communist-led Hukbalahap movement, which flourished on Luzon in the 1950s, the present guerrillas are strong almost everywhere. They have even made deals in several spots with rich landowners.

The Communists regularly collect taxes from big sugar and coconut plantations, which pay up rather than tempt trouble. The guerrillas frequently examine a company's ledgers, imposing reasonable taxes that will not affect its profits. "After all," a plantation manager told me, "they realize that their reputation will suffer if we go bankrupt and people in the area are put out of work."

The 250,000-man Philippine army is well equipped and is deployed thoughout the archipeoago. But, as has been noted time and again, it probably does more to help the Communists than hobble them.

Mr. Marcos, who has quadrupled the size of the army since he took power 20 years ago, has stafffed its upper echelons with officers whose loyalty to him outweighs their competence. Corruption is commonplace, and indirectly aids the Communists.

Of all the nations of Southeast Asia, the Philippines is the one that should have been most successful. Half a century of American colonial tutelage, although by no means perfect, nevertheless encouraged the development of an educated, skilled and enterprising population.

But of all the nations of the region, apart from the Communist states of Indochina, no country is more depressing than the Philippines. The Marcos regime is at the heart of the problem, and conditions will worsen as long as it lasts.

Many otherwise sensible Filipinos are somehow convinced that collaboration with the Communists is the answer to their woes. They fail to realize that they may be going from the frying pan into the fire.

Tribune and Register Syndicate.

Some Spies Can Fool Themselves, Too

By Amos Perlmutter

WASHINGTON — The more one learns about the Walker family, the more one is mystified by this network of seamen charged with selling military secrets to the Soviets. What could motivate people to live such dangerous lives, risk life imprisonment and betray their country? Surely, in today's world — and in the Walker case in particular — ideology is unlikely to play much of a role in pushing Americans to spy for Moscow. Almost no one in the 1980s seriously admires the Soviet political system. The Walkers and their partners were neither idealists nor true believers.

Money would seem to be the obvious motive. To people like the Walkers, spying undoubtedly has much the same appeal as big-time gambling — the hope of instant affluence without years of toil. But money, in and of itself, would not be enough to explain the espionage of a man like John A. Walker Jr., the alleged mastermind of the group, who professes to be dedicated to the conservative principles of Ronald Reagan's America.

It seems much more likely that he would have been drawn to the romantic image of the superspy, perhaps from a desperate need for drama and secrecy, and even the sinister life, as some people are drawn to unusual sexual practices.

Spying is a form of theater. To become a spy is to take on a role that would often be impossible in normal circumstances. In real life John Walker was an obscure seaman, without accomplishments or distinction. As a spy he would have begun to lead an altogether different life; in his mind at least, a glamorous and dramatic one.

The danger for all spies, but especially those who crave a spectacular double life, is that they come to believe in the roles they play and lose sight of self-interest. Consider the case of Elie Cohen, another of the countless modern spies motivated by glory and excitement.

Mr. Cohen's life changed forever in 1956 when the Israelis invaded Port Said and freed him along with hundreds of other Egyptian Jews. The invasion inflamed his patriotism and led him to ask the Israelis to make him a spy. After some hectoring on his part, the Mossad gave in and trained him in Syrian Arabic and the manners of the Damascus upper class — trained him, in effect, to become a Syrian.

After two years he was sent to Buenos Aires to play the scion of a Syrian landowning family. He ingratiated himself into the Arab community there. Once his "credentials" were intact, he emigrated to Syria. In Damascus he set himself up in a plush apartment across the street from the Syrian high command and began hobnobbing with young Ba'ath officers. Among his friends was Colonel Amin al-Hafiz, soon to become dictator of Syria.

Firmly entrenched, with friends in high places, Elie Cohen proved invaluable to the Israelis. Among other things, he sent the Mossad detailed descriptions and photos of the Golan Heights, data of critical importance in the Six Day War.

But before long he seemed to lose track of who he really was. In the mid-1960s the Mossad became suspicious and warned him to stop communications, but he could not give up his role. Eventually the Syrians caught him. Shortly thereafter he was hanged — an obscure Egyptian Jew playing out a double life as an Israeli spy and Syrian playboy. He ended up believing in both roles, and it was his undoing.

What about John Walker? How else to explain the contradiction between belonging to the Ku Klux Klan and the charges of trafficking with Moscow? How else to explain his inept detective business or to reconcile his apparent patriotism with his alleged betrayal of his country? Perhaps he simply needed the excitement of the role.

The writer, a professor of political science at American University in Washington, contributed this comment to The New York Times.

Who Says The Bomb Is Useless?

By Tom Wicker

GENEVA — When the use of nuclear weapons was described as "suicidal" during a recent international colloquium in Geneva on nuclear war and proliferation, a journalist inquired: "Do you mean to suggest that if Iran or Iraq had a nuclear weapon, they would not use it against the other?" This question produced an unclear answer but a sobering realization for one listener: that the widespread belief in the West, and probably in the Soviet Union, that nuclear weapons have no military utility may not be applicable to a regional conflict.

It would be suicidal for either of the superpowers to attack the other with these weapons, owing to the certainty of retaliation in kind. That is why it probably will not happen, unless by accident. But such retaliation might be less certain, or less threatening, in other situations.

At the three-day conference sponsored by the private Groupe de Bellerive, it was commonly assumed and openly stated that Pakistan would soon have nuclear weapons. Prime Minister Rajiv Gandhi of India, some of those attending said, is convinced that Pakistan already has them. India had a "peaceful" nuclear test in 1974 and presumably could soon counter with its own nuclear weapons.

But suppose, as one "scenario" heard in Geneva suggested, that Mr. Gandhi ordered a pre-emptive, nonnuclear strike on Pakistan's nuclear facility at Kahuta, south of Islamabad. If it was not totally successful — and air strikes seldom are — Pakistan's President Zia ul-Haq might order retaliation with a surviving nuclear weapon, in the belief that India did not yet have such weapons.

He might be proved wrong, but he could rationally make that decision. Even if India launched a nuclear counterblow, the two nations might destroy each other with their limited arsenals. Whether such a conflict on the Indian subcontinent would lead to global nuclear holocaust is another matter; but any situation producing a first use of a nuclear weapon raises that terrifying possibility.

If either Iraq or Iran, in their desperate and exceptionally bloody war, were somehow to obtain a nuclear weapon, there seems no reason to doubt that it would be used, on the assumption that the other side could not retaliate in kind. Given the importance of Gulf oil, the likelihood of triggering global nuclear war might be even greater than in the India-Pakistan "scenario."

In a notably candid speech, Crown Prince Hassan bin Talal of Jordan outlined two plausible possibilities for the use of nuclear weapons in the Middle East, where no "balance of terror" exists but Israel is commonly assumed to have such weapons or the ability to assemble them quickly:

- Although there would be no advantage to the Israelis in a nuclear attack on their neighbors, another conventional Arab-Israeli war might so drain and threaten Israel that it would have to consider "cutting short the conflict by nuclear means."
- "The deployment and use of increasingly sophisticated missiles of mass destruction" (presumably by Arabs) might "invite nuclear retaliation under intense internal political pressure" (presumably by Israel).

In either case, the danger of igniting a global conflagration would be extreme, with the Russians probably moving to support the Arab side and the United States backing Israel.

Prince Hassan, like numerous other speakers, also raised the specter of "nuclear terrorism" — what U.S. Vice President George Bush, in a brief appearance, called the "ultimate act of terrorism." Owing to the hostage drama in Beirut, much of the discussion centered on the possibility that terrorists might some day gain possession of miniaturized "backpack" or "suitcase" nuclear bombs.

"The most sophisticated defense system is no protection against such a weapon smuggled into any city in the world," Prince Sadruddin Aga Khan of the Groupe de Bellerive pointed out. And this threat, Prime Minister Olof Palme of Sweden said in the keynote address, increases the need to prevent nuclear proliferation among states. He and others saw the spread of nuclear weapons and materials as making it easier for terrorists to buy or steal them.

Both grim prospects — regional nuclear conflict and nuclear terrorism — were discussed here more as probabilities than as possibilities. And both undermined the complacency of those who, in concentrating on superpower competition and hostility, have comforted themselves with the belief that nuclear weapons are "suicidal," have no military purpose and therefore will never be used.

The New York Times.

LETTERS

A Target Once Too Often

Regarding the opinion column "The Presidency Again: Time for Common Sense" (June 8) by William Pfaff:

The simple fact is that in 1981 Mr. Reagan was shot; and it hurt not only him but also his family and friends. Surely he can be spared criticism for taking whatever steps are reasonably practical to avoid a repetition.

DAVID BURNES.
Sydney.

It Ain't Inevitably Safire

Thank you for the charming language article on U.S. and British pronunciation by that gifted music critic, Henry Pleasants ("It Ain't Necessarily BBC," June 24). I'm glad you sent William Safire on vacation. I am aware that you mean "on holiday."

CARL F. DUERR.
Alderley Edge, England.

Gandhi Urges Action on Terrorism

India Will Not Be Bullied by Airline Disaster, He Says

Mr. Gandhi ending his news conference Sunday.

Reuters

NEW DELHI — Prime Minister Rajiv Gandhi called Sunday for tough world action against terrorism.

"There is no way the Indian government is going to succumb to any pressure, whether terrorist or otherwise," he said.

Asked about the Air-India airliner that plunged into the sea near Ireland on June 23, killing all 329 people aboard, Mr. Gandhi said India would not be bullied by "terrorists."

Two Sikh groups campaigning for a separate nation in Punjab state are reported to have claimed responsibility for planting a bomb on the flight from Montreal to Bombay, but authorities have not been able to determine if a bomb explosion was responsible for the crash.

"Canada was not being stern enough with the terrorists earlier, but after the plane crash we hope they will take stronger action," Mr. Gandhi said. "If governments stop helping terrorists then they will be finished."

During the 80-minute news conference — the first by a Indian prime minister televised live nationally — Mr. Gandhi discussed poverty, population growth, the Punjab crisis and unrest in Gujarat state.

Of India's relations with Pakistan, he said there were problems in signing a pact of nonaggression with Islamabad, but that India was in favor of a more comprehensive friendship treaty.

He ruled out mutual checks on nuclear facilities, saying they would "give an excuse for clandestine development."

He was optimistic on the Punjab crisis, saying tensions had eased.

Guinea Says Leader of Uprising Is in Custody

Reuters

CONAKRY, Guinea — President Lansana Conté of Guinea said Sunday that Diara Traoré, the former prime minister who led an attempt to overthrow him last week, was arrested Sunday.

In a speech at the People's Palace, Colonel Conté said Colonel Traoré and other leaders of the coup attempt would be tried and executed if found guilty. The colonel had been minister of state for education in the Conté government.

Colonel Conté said 18 persons died and 229 were wounded in the takeover attempt Thursday night.

"I respect the rights of man, but those who are dead had the right to exist as well. Colonel Conté told thousands Guineans who cheered him at the palace. He said that those who were killed "must be avenged."

Colonel Contè said Colonel Traoré had been turned in by some of his accomplices in the coup attempt but he did not offer other details.

The government cut off the routes from Conakry, the capital, and closed Guinea's borders until the colonel was caught.

Colonel Conté said some former members of the regime of the late President Ahmed Sékou Touré could face execution.

Several important officials in Mr. Sékou Touré's administration and several of his relatives have been awaiting trial since Colonel Conté seized power in a coup in April 1984. Until now, Colonel Conté has ruled out executions.

Colonel Traoré attempted the coup Thursday while Colonel Conté was at a meeting of West African leaders in Togo. Colonel Traoré took control of Conakry's radio station and announced he had assumed power. But by early Friday morning the plotters had been overpowered by troops loyal to Colonel Conté, who returned to Guinea later Friday.

Crowds destroyed two houses belonging to Colonel Traoré and attacked shops and houses belonging to members of his tribe, the Malinke. By Saturday, the streets were calm.

At least five present or former government ministers have been arrested since the takeover attempt, according to Mamadou Balde, the minister for administrative reform.

He said they included the youth minister, Mamadi Bayo; the former industry minister, Mohammed Sako; the former energy minister, Kabassan Kéita, and the former minister of higher education, Sidi Kéita.

Lancine Kéita, permanent secretary to the government, and a number of other top officials were also detained, Mr. Balde said.

Polish Primate Visits Rome

The Associated Press

ROME — Cardinal Jozef Glemp, the Roman Catholic primate of Poland, arrived Saturday in Rome for a 13-day private visit.

Rebels Vow to Expand War in El Salvador

By James LeMoyne
New York Times Service

PERQUIN, El Salvador — The senior military commander of the Salvadoran rebel movement has vowed that the guerrillas would carry their attacks to the capital, San Salvador, and spread the war to every part of the country. He said the new attacks would make El Salvador ungovernable within the next year.

The commander, Joaquin Villalobos, added in an interview Friday with a group of U.S. reporters that the rebels now considered the Reagan administration their principal enemy for having supported the Salvadoran Army and government. He and other rebel commanders defended the killing of four U.S. Marines in a rebel attack in the capital June 19, and indicated that U.S. military personnel would continue to be attacked.

"Our strategy has to be based in defeating the resistance and the capacity of the Reagan administration to continue supplying the Salvadoran Army," Mr. Villalobos said. "If we succeed on this issue, we win the war."

The 33-year-old Mr. Villalobos, who has long been considered the most effective military strategist on either side of the conflict, outlined what he said was the new guerrilla strategy of a war of attrition: breaking the rebels into small units that will spread across El Salvador and begin a campaign of sabotage, assassination, and ambushes, backed by the increased use of mines and booby traps.

The strategy, Mr. Villalobos said, is to force the army to be everywhere at once, to bleed the economy to the point of collapse and to destabilize the government. He said it came in response to improved army performance and increased firepower.

Mr. Villalobos was accompanied by Jorge Shafik Handal, head of the Salvadoran Communist Party, and senior officials of each of the five guerrilla groups that make up the Farabundo Martí National Liberation Front, now in its fifth year of war in El Salvador.

Mr. Villalobos said the guerrillas had chosen to talk to reporters because they wanted to make their views known at this time. The visit comes at a time when the rebels have appeared to be weakening militarily and politically.

Mr. Villalobos said a recent campaign to burn local government offices and kidnap mayors would continue in areas where the rebels often operate.

Other rebel officials said the guerrillas would also step up political work in the countryside and in urban trade unions to try to convince the Salvadoran people that President José Napoleón Duarte cannot successfully govern the country or improve living standards.

Mr. Villalobos said the guerrillas' top proposal now in peace talks with the government was an end to "North American intervention in El Salvador."

Both Mr. Villalobos and Mr. Handal said that only U.S. aid had prevented the guerrilla forces from defeating the El Salvador's army two years ago, an assessment that has been expressed privately by several U.S. analysts.

When asked what his minimum condition was for the rebels to lay down their arms, Mr. Villalobos responded, with emotion: "We have no condition for laying down our arms because we are not prepared to give up our guns, ever."

His statements indicated that recent terrorist attacks by the guerrillas may be a sign of their determination to increase the cost of the war, rather than an indication of growing desperation in the face of improved army performance.

The Associated Press

General Adolfo Blandón, chief of staff of El Salvador's armed forces, discussing progress of the guerrilla war.

Mr. Villalobos and other rebel commanders seemed highly aware of the political cost of such attacks. But they said that they believed Mr. Duarte's government was fragile and could not withstand a prolonged war.

The journalists accompanied a delegation of liberal Americans from California to rebel headquarters in Perquin, a town in the heart of a war zone 126 miles (202 kilometers) northeast of San Salvador.

The rebels spared no effort to impress the visitors, providing meals of steak, fresh orange juice, and baked bread, as well as beds, a video television screen, and trucks for transportation.

The rebels' efforts appeared designed to demonstrate their ability to maintain control in the area despite repeated army sweeps. The amount of equipment and amenities the rebels displayed indicated that they were not the broken force on the verge of desertion that government propaganda and U.S. officials occasionally depict them as being.

■ **Vow to Help Honduras**

El Salvador would assist Honduras "in whatever way, militarily or whatever," if hostilities broke out between Nicaragua and Honduras, the Salvadoran chief of staff, General Adolfo Blandón, said in an interview Friday, The Associated Press reported from San Salvador.

Recent incidents on the Honduran-Nicaraguan border, where Nicaraguan guerrillas are fighting Nicaraguan government troops, "could precipitate a war in the region," General Blandón said. He said that El Salvador had developed contingency plans for such a conflict.

Reports from Honduras last Thursday told of Nicaraguan artillery attacks on four Honduran border villages.

If full-scale fighting erupted between Honduras and Nicaragua, General Blandón said, "In whatever way, militarily or whatever, we would aid Honduras."

DOONESBURY

China to Begin Merit Raise System

By Daniel Southerland
Washington Post Service

BEIJING — In another step away from Maoist doctrine and Marxist economics, China is introducing a merit raise system for government workers.

In replacing longevity of service with performance as the primary criterion for salary levels, the government could raise its workers' salaries this year by as much as a $1 billion, according to a Hong Kong newspaper with close ties to the Beijing government.

The decision to introduce a new wage system for the government bureaucracy was announced Friday by the Xinhua press agency. The agency reported that the change sought to give additional pay to government and Communist Party officials based on their performance and responsibilities rather than on seniority alone.

Although it did not disclose figures, it described the projected pay raise for government workers as the largest such increase since the Communists took power in 1949.

Official Chinese publications place the number of government workers in China at nearly 20 million, although measures have been enacted to trim that figure significantly. Foreign experts call the 20-million figure low. State workers earn about $24.80 a month on the average, less than many factory workers make, given their bonuses.

The pro-Communist newspaper Ta Kung Pao in Hong Kong said that more than a $1 billion already had been appropriated for the wage increases.

As described by Xinhua, the new wage system constitutes another step away from Mao's distrust of bureaucracy. It also appears to mark a significant break with wage standards originally adopted from the Soviet system of the 1950s.

The new system breaks down each employee's wage into four parts: the basic wage, that derived from specific duties, the service length allowance and a bonus. The bonuses based on performance by government workers appear to be much more wide-ranging than anything previously attempted.

"The bonus will be awarded to those who have distinguished themselves in their work, with its size assessed according to performance," the press agency said.

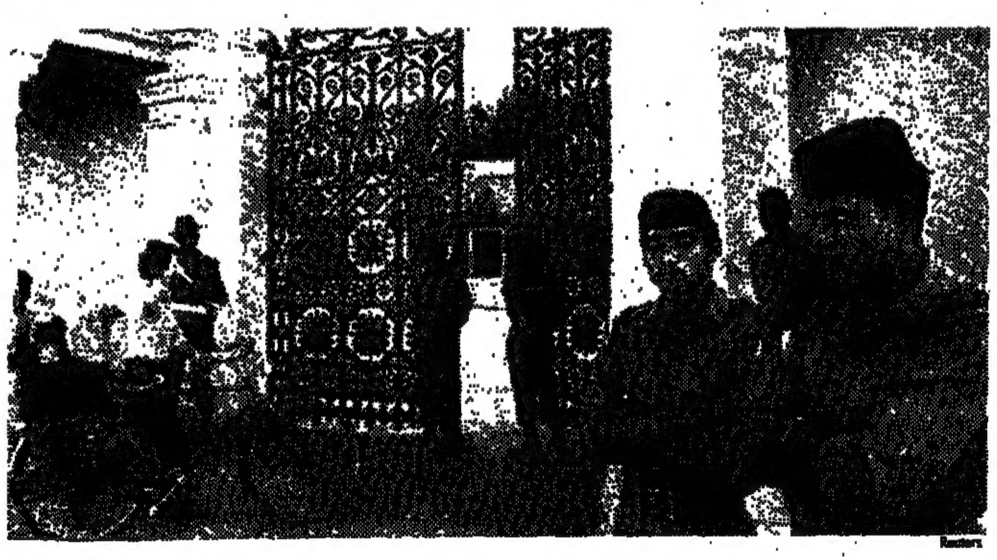
The agency said Friday that while government workers would receive an allowance for time in service, the principal part of their salaries would be determined by the specific job or position held.

In the past, it was possible for a government worker to be promoted to a higher position without receiving an increase in salary. This left some workers with little incentive to improve their performances, even when given added responsibilities.

Ta Kung Pao said that the main beneficiaries of the changes were likely to be young professionals, specialists, and intellectuals recently promoted to leading positions.

In his day, Mao railed against "20 manifestations of bureaucracy," including corruption, laziness and nepotism. A former party chairman, Hua Guofeng, added overstaffing and duplication to the list.

In 1980, Deng Xiaoping, the current principal leader, delivered a speech giving his own long list of "harmful manifestations" of bureaucracy.



Reuters

The royal palace in Katmandu has been heavily guarded since the bomb attacks.

Bombs Shatter Nepal's Tranquillity

(Continued from Page 1)

ple claiming membership in royal intelligence and government service" are involved in smuggling heroin and opium into the country from Burma, through northern India, and from Pakistan.

His efforts to call attention to the drug problem apparently have ruffled some people in the government, which has refused to extend visas for three Jesuit missionaries, including two social workers involved in his treatment program.

According to Western diplomats and Nepalese sources, alienation has been a factor in the growth of drug users and appears to have intensified with the recent suppression of anti-government protests.

In May, following a teachers' strike to demand recognition of a union, political groups began to seek the restoration of a multiparty parliamentary system under a constitutional monarchy.

Political parties were banned in 1960 and a "partyless" system was instituted by King Birendra's father as little more than an accoutrement of direct royal rule.

On May 23, leaders of the banned Nepali Congress Party and half a dozen outlawed Communist factions had planned to launch a civil disobedience campaign to press their demands, but they were arrested and their campaign stifled.

By mid-June, according to the Nepali Congress Party, about 6,000 persons had been arrested. The government has denied holding that many prisoners, insisting that no more than 1,500 political activists were jailed at any one time.

Then on June 20 five explosions rocked Katmandu. One of them at the National Assembly killed a legislator and his aide and another killed three employees at the Annapurna Hotel. No one was killed in two explosions at the gates of the palace. Officials said this was mainly because visitors and employees had taken shelter during a downpour.

A fifth explosion occurred at the main government office complex.

The explosions came a day after the king, in a speech opening the assembly, had called on Nepalese to resist efforts to sow instability.

In two other cities on June 19 and 21, a man and a woman were killed by bombs they were carrying, police said. In other incidents, bombs exploded or were discovered and defused in five towns along Nepal's border with India.

According to a palace spokesman, who did not want to be named, police arrested 1,000 suspects after the bombings but about 900 of them were released. He said most of the 100 still in detention were Nepalese who had undergone guerrilla training in India. He said the explosives recovered had been manufactured in India.

The two groups that have claimed responsibility for the blasts reportedly operate camps in India. No evidence of Indian government involvement in their activities has emerged.

One group, the United Front, is led by Ramraja Prasad Singh, an exiled former member of the assembly who was imprisoned for anti-monarchist activities in the 1970s. The other group, the previously unknown United Liberation Forces, is believed to be an offshoot of the United Front with links to Indian Communists.

According to Western sources, Nepalese who have studied in the Soviet Union or have connections to the Soviet Embassy here were among those picked up in the police sweep after the bombings.

The palace spokesman said none of the activists arrested earlier for the civil disobedience campaign were involved in the bombings.

The day after the bombings, the Nepali Congress Party and the Communist groups deplored the blasts and called off their protest campaign.

Mugabe Gets Big Majority In Zimbabwe

(Continued from Page 1)

ernment to make changes from independence until 1990, but Mr. Mugabe insisted that "we cannot wait until those 10 years expire."

About 32,000 whites voted June 27 in elections set aside for them, out of about 70,000 who were eligible. The party of Mr. Smith, who is viewed as a white supremacist by blacks and who has been isolated by Mr. Mugabe, took 15 of the seats, leaving only five for independents who had vowed to cooperate with the government.

Speaking of the Zimbabwe African People's Union victory in its Matabeleland stronghold, Mr. Mugabe accused Mr. Nkomo of creating and setting dissidents against the people of that area to frighten them into giving him political backing.

But supporters of Mr. Nkomo say that, to the contrary, Mr. Mugabe has used his security forces to intimidate Mr. Nkomo's supporters and to try to dismantle his political organization.

After independence, Mr. Nkomo and his followers were brought into the government at senior levels. But Mr. Nkomo, the patriarch of Zimbabwean nationalism who had hoped to lead the nation after independence, was later dismissed after being accused of plotting the overthrow of the government, a charge he denies.

■ **Nkomo Accusation**

Mr. Nkomo accused Mr. Mugabe on Sunday of pushing Zimbabwe into polarized ethnic camps.

"The prime minister is saying things which are dividing the people of Zimbabwe," Mr. Nkomo said in response to Mr. Mugabe's remarks Saturday, Agence France-Presse reported.

"He is just being divisive," Mr. Nkomo said. "That is not how a leader should act."

Mr. Nkomo denounced Mr. Mugabe's suggestions that his party should be outlawed, asking if the prime minister wanted to threaten "the right to have parties that we both fought for."

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London. Tel.: 01-623-1277.
Prices may vary according to market conditions and other factors.

STRAIGHT BONDS
All Currencies Except DM

AUSTRALIA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 50	Aaa Australia	[illegible]	98	99¾	9.61		9.82
$ 120	Aaa Australia	[illegible]	98	100	8.44		8.58
$ 100	Aaa Australia	[illegible]	97	101¾	9.78		10.64
y 15000	Aaa Australia	[illegible]	99	102¾	7.80		8.23
$ 50	Aaa Australia	[illegible]	99	97½	9.28	9.40	8.97
$ 150	Aaa Australia	[illegible]	99	94½	9.33	10.02	8.73
y 15000	Aaa Australia	[illegible]	99	105½	7.68		8.18
$ 200	Australia	[illegible]	99	103¾	10.37		10.60
$ 300	Aaa Australia	[illegible]	99	107½	10.27		10.78
$ 75	Aaa Australia	[illegible]	99	91	10.55	11.04	10.03
$ 100	Aaa Australia	[illegible]	99	109¾	10.23		10.59
$ 100	Australia	[illegible]	98	102¾	10.73		10.84
$ 75	Alcan Australia	[illegible]	98	94	10.48		9.04
$ 80	Alcoa Of Austral	[illegible]	98	101½	11.21		11.82
$ 50	Alcoa Of Austral	[illegible]	98	100½	14.19		15.21
$ 60	Alcoa Of Austral	[illegible]	98	95	11.64		10.53
$ 30	Alcoa Of Austral	[illegible]	99	103	12.70		13.11
ecu 50	Austra New Zeala	[illegible]	99	101¾	9.38		9.58
$ 75	Aaa Australian Ind D	[illegible]	98	103¼	9.83		10.65
$ 100	Australian Ind D	[illegible]	99	102	11.26		11.44
$ 40	Australian Mini	[illegible]	99	89	11.64	12.07	10.29
$ 30	Aa1 Australian Res [illegible]	[illegible]	98	103¼	8.18		12.59
$ 100	Aa1 Australian Res [illegible]	[illegible]	98	104	10.77		12.98
$ 35	Austroswiss	[illegible]	98	95	10.93	11.77	8.42
$ 30	Broken Hill Pty	[illegible]	98	92½	10.76	12.23	8.92
$ 150	Broken Hill Pty	[illegible]	98	108¾	11.97		13.44
$ 100	Broken Hill Pty	[illegible]	99	105½	10.38		11.37
$ 30	Broken Hill Pty	[illegible]	99	96	11.09	11.31	10.42
$ 20	Comalco Invest E	[illegible]	98	99½	10.79	10.77	9.55
$ 40	Comalco Invest E	[illegible]	99	97	12.20	13.01	11.14
$ 25	Comalco Limited	[illegible]	98	98	11.26	11.37	10.28
$ 100	Aaa Commonwealth Bk	[illegible]	98	108½	9.83		11.41
$ 40	Aaa Commonwealth Bk	[illegible]	99	96½	11.32		11.77
$ 75	Csr Limited	[illegible]	98	114½	11.32		13.97
$ 40	Hamersley Holdin	[illegible]	99	88	12.25	13.25	10.80
$ 20	Hamersley Iron F	[illegible]	98	100	9.13	9.13	9.50
$ 20	Hamersley Iron F	[illegible]	98	99¼	9.91	9.91	9.07

AUSTRIA
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BELGIUM
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CANADA
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DENMARK
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FINLAND
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FRANCE
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GERMANY
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ICELAND
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IRELAND
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ITALY
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JAPAN
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HIGHEST YIELDS to Average Life Below 5 Years
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HIGHEST YIELDS to Average Life Above 5 Years
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HIGHEST CURRENT YIELDS
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LUXEMBOURG
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MEXICO
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MISCELLANEOUS
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NETHERLANDS
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NEW ZEALAND
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NORWAY
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SUPRANATIONAL
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SWEDEN
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SWITZERLAND
[illegible]

UNITED KINGDOM
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UNITED STATES AMERICA
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(Continued on Page 12)

A Monthly Report for the International Investor — International Herald Tribune — Monday, July 8, 1985

PERSONAL INVESTING

INVESTOR'S Notebook

Madrid's Momentum

Market momentum may be slowing, but the Madrid Stock Exchange appears headed for another good year. The exchange's market index rose 40 percent in 1984, and analysts say it could show a gain of between 17 percent and 25 percent by the end of this year. "It's one of the few markets which is not anywhere near its all-time high," said Joe Hall, European equities analyst at E.B. Savory Milln & Co. in London.

The economic turnaround under the Socialist government is largely credited for the market's performance. Moreover, Spanish stocks still offer low price/earning multiples when compared with other European markets, with yields as high as 14 percent.

High-yielding sectors like utilities are particularly attractive, according to Mr. Hall. Telefonica, the 47 percent state-owned phone company, is already up by aroumd 20 percent this year. Hidrola and Iberduero are both up about 10 percent. The property sector also looks good, according to Michael Spack of Singer & Friedlander Ltd.

Midyear Stock Picks

Picking stocks at midyear that promise to be big winners over the next 12 months is the latest fashion among big Wall Street brokerages. In June, Merrill Lynch, Paine Webber and Prudential Bache issued their picks. And last week, Shearson Lehman Brothers, which pioneered the idea, published its "Ten Uncommon Values in Common Stocks."

AP/Wideworld

Eliot Fried

"In compiling this portfolio, we looked for stocks with solid fundamentals and healthy earnings potential for the coming 12 months," said Eliot Fried, director of equity research at Shearson Lehman. The list, which covers a wide range of sectors, includes: Associated Dry Goods, Chi-Chi's, Daisy Systems, Eaton Corp., Equitable Resources, Golden West Financial, Frank B. Hall, IBM, Upjohn Co. and Wal-Mart Stores.

Although Mr. Fried acknowledges that the past record is no guarantee of future performance, last year's selection handily outperformed the market. As of June 30, the portfolio had appreciated 39.7 percent versus a 20.5-percent gain for the Standard & Poor's-500 Index. American Broadcasting Cos. was among 1984's picks, and Mr. Fried admits that the ABC-Capital Cities merger boosted the portfolio. The poorest performer was Motorola.

The Dollar Difference

Interest rates in the United States are declining and the dollar has lost some value, but the huge capital inflows that have helped finance the federal deficit will likely continue for awhile, according to Rein van der Does, vice president for international markets at Drexel Burnham Lambert.

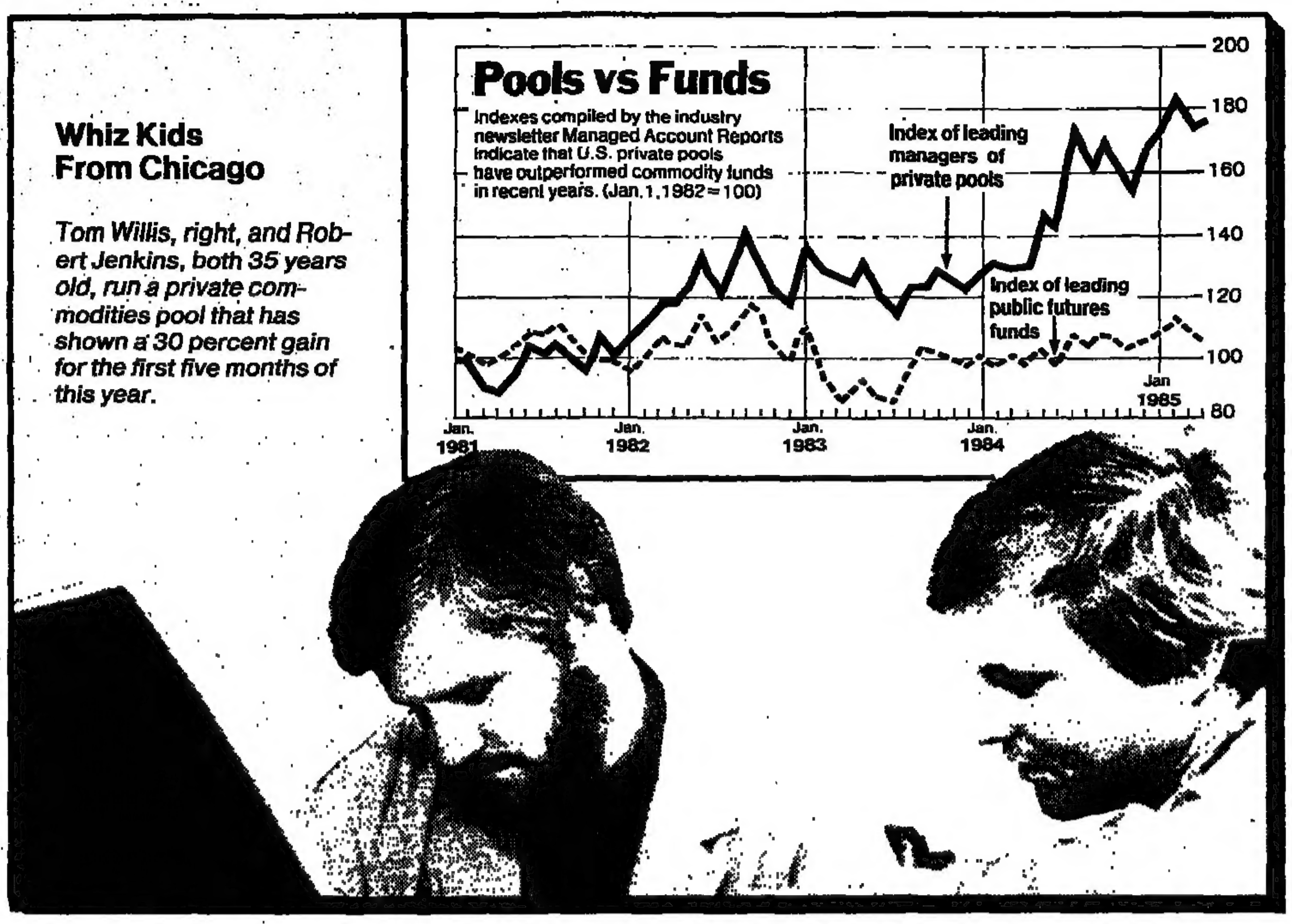
Although the dollar's value has declined more than 11 percent against the West German mark so far this year, Mr. van der Does notes that the real, or inflation-adjusted, return of a U.S. Treasury bond is still 5.9 percent. The comparable yield in West Germany is 5 percent. Although the differential is significantly below last year's 4 percentage points, Mr. van der Does says it is still sufficient to attract foreign investors.

But he says the attitude of European investors could change if the differential continues to shrink. "I'm afraid that the flow will slow down, and we'll see a further weakening in the dollar," he said. If so, Mr. van der Does believes U.S. monetary authorities may have to take some action to raise interest rates to more attractive levels to finance the deficit.

Oil Patch Scenario

The share prices of U.S. petroleum companies stand to rise if OPEC manages to convince the oil markets that the Vienna wrangling produced results, says Frederick Leuffer of Cyrus J. Lawrence Inc. in New York. A rise in spot oil prices, which would occur as oil companies replenish depleted inventories, could buoy oil shares. He also notes that earnings reports due in the next two weeks are expected to show the industry's second-quarter profits rose about 14 percent.

But any rise in will probably be short-lived, he cautions. OPEC will come under pressure again in the fall as supplies build. And the second quarter probably marked the peak for 1985 profits. The improved earnings were "mostly illusory" because they were based on brisk sales of gasoline, where retail prices are looking weak, Mr. Leuffer explains.



Whiz Kids From Chicago

Tom Willis, right, and Robert Jenkins, both 35 years old, run a private commodities pool that has shown a 30 percent gain for the first five months of this year.

Commodity Pools Go for Big Gains

By Bruce Hager

New York

INFLATION was high and commodity prices were rising when Donald Knepp launched the Group 43 Fund in June 1981. A private investment pool aimed at a limited number of individuals seeking an affordable way of playing the volatile commodity-futures market, Group 43 was typical of scores of other managed accounts that had grown out of the high inflation days of the late 1970s and early 1980s

Starting with a modest $125,000, mostly from friends and acquaintances, Mr. Knepp, already an experienced trader, proved an adept strategist as well. Although small by industry standards, the pool's net asset value had nearly doubled by June 1984, and Mr. Knepp was gaining a reputation in the industry as an astute pool manager.

Then disaster struck. Last July, Mr. Knepp, who had been betting on higher gold and silver prices and some improvement in foreign currencies, saw his strategy fall apart as the dollar suddenly spurted higher. Group 43's net asset value plummeted 56 percent in a month and has had difficulty recovering ever since. "Thank God when we had the bad one, it wasn't with too much money," said Mr. Knepp.

The story of Group 43 illustrates the kind of risk investors face in private commodity pools. Like public commodity funds, private pools trade a wide variety of futures contracts ranging from pork bellies to Deutsche marks. But unlike their relatively conservative cousins, pools are known for their aggressive trading style.

Public funds generally limit their exposure in the volatile futures market at any one time to between 30 percent and 35 percent of total equity, keeping the rest in such traditional interest-bearing investments as U.S. Treasury bonds. In contrast, private pools have been known to invest up to 60 percent in futures contracts.

Unlike U.S. public funds, which are considered securities and regulated by the Securities and Exchange Commission, pools are considered private placements and fall under the jurisdiction of the Commodity Futures Trading Commission. Although the CFTC requires all pools offered in the United States to file disclosure documents, observers say the agency's requirements and regulatory procedures are not as tough as those of the SEC.

"Investors run more of a risk investing in a private pool than in a public fund," acknowledged George A. Booth, chairman of the pool operator advisory committee of the National Futures Association. "It's quite easier for a guy to run a scam in a private pool because he doesn't have the SEC looking over his shoulder."

Still, for a variety of reasons, many investors favor pools over funds. Higher risk, of course, means a chance for bigger return. Moreover, if a pool is successful, an individual can net a sizeable profit. U.S. regulations limit pools to no more than 35 investors, but a public fund may have to distribute returns among several hundred investors.

A limited partnership in a private pool does not come cheaply, however. Minimum investments can be four times the $5,000 generally required for public funds. And investors wanting an individually managed account must be prepared to put up $100,000.

A 5-Year View of Top U.S. Performers

Compounded Annual Rate of Return, 1980-84

Orion, Inc.	88.2
Cresta Commodity Management	80.1
Hickey Financial Services, Ltd. *	60.2
Trend Analysis and Portfolio Mgt.	58.9
Man Investment Management Co. *	55.1
Jones Commodities, Inc.	51.7
Dunn Commodities, Inc.	47.8
A.O.Management	40.5
Atlantic Associates, Inc.	37.6
Computerized Commodity Advisory	34.7
George Booth & Associates	34.7

*Covers period April 1981-December 1984

Source: Managed Account Reports

In some cases, the minimum amount necessary to open an individual account is enough to frighten anyone but the most serious — and wealthy — investor. Chicago-based Hickey Financial Services, for example, required $5 million for all individual accounts before it stopped offering them last May. The reason, according to marketing director Bob Youstra, is that Hickey specializes in arbitrage, an endeavor that requires a high minimum in individual accounts to satisfy government dealers when the firm purchases Treasury bills.

Aside from the initial investment, trading commissions can also be quite stiff, up to $80 or more for each trade. After an annual 5-percent management fee and 15-percent profit incentives, the charges can leave an account looking anemic.

Against this forbidding backdrop is the fact that neither pools nor private accounts have done particularly well in the past five years, due principally to the low-inflation climate that has seen gold drop from $875 an ounce down to around $300. In the 12-month period ended in April, according to Managed Account Reports, an industry newsletter, private pools generated a meager return of only 0.4 percent.

"The bloom came off the rose in the spring of 1980," said Morton Baratz, the newsletter's editor. "As a group since then, managed accounts have not been outstanding performers."

Indeed, commodities markets have changed dra-

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The Funds Cash In on Europe's Big Rally

By Colin Chapman

London

SCARCELY a year ago, while commentators were painting a dismal picture of moribund European economies, some investors were moving their money into a group of funds that focus exclusively on European stocks. Their farsightedness has paid off handsomely.

The funds, including British unit trusts and a handful based in such offshore areas as the Channel Islands and Luxembourg, are now cashing in on the record-setting pace of markets in West Germany, Switzerland, the Netherlands and Italy. (See Chart Talk, Page 10).

As a measure of their performance, eight major offshore funds that deal primarily in European equities showed a return in dollar terms of nearly 21 percent in the 12 months ended in June, assuming reinvestment of dividends, according to Lipper Analytical Securities, which tracks mutual-fund performance. Although that return is some three percentage points less than the performance of the average U.S. mutual fund in the same period, as compiled by Lipper, it is still a robust showing given the dollar's strength.

The offshore funds in particular have benefited from an inflow of funds from continental Europeans eager to move their money out of the range of the tax authorities. They are now using these funds to reinvest in their local markets.

Indeed, hardly a week goes by without a new European unit trust or investment fund being launched. Schroder European Fund was one of the first. Launched in 1981, it has since grown by 167 percent, with a growth of 19.9 percent in the past 12 months. Madelaine Hall, Schroder's fund manager, says she is surprised that more investors did not move into European stocks 18 months ago.

"A lot of people were slow to realize the changes taking place, particularly in government policies, and the outlook for profits," she said. "Rather than realizing that Europe, whatever the problems, has a lot of very good companies who are leaders in their niche, many have been reading articles writing off Europe. Most of the dynamism is at the company level."

Indeed, there are a variety of reasons to explain the bull markets in Europe. Stephen Dowds, an adviser to Britannia International Investment Management Ltd.'s European Performance Fund, cites stronger economic performance. The West German economy, he says, will likely expand by 3.2 percent this year against 2.6 percent last year. Other European nations will also benefit from slightly higher growth. "Although these numbers may be small, they disguise substantial prospects in a market that has been neglected by investors for years," he said.

Aside from the better economic picture and a desire for European investments as a hedge against

(Continued on Page 8)

BONDS

Junk Bonds Enticing Yield-Conscious Investors

By William McBride

New York

FOR bond investors who got hooked on the hefty yields of the early 1980s, the decline in U.S. interest rates has been a mixed blessing. While it has boosted the value of their bond holdings, income-oriented investors often experience "coupon shock" when faced with the problem of reinvesting interest income or maturing principal.

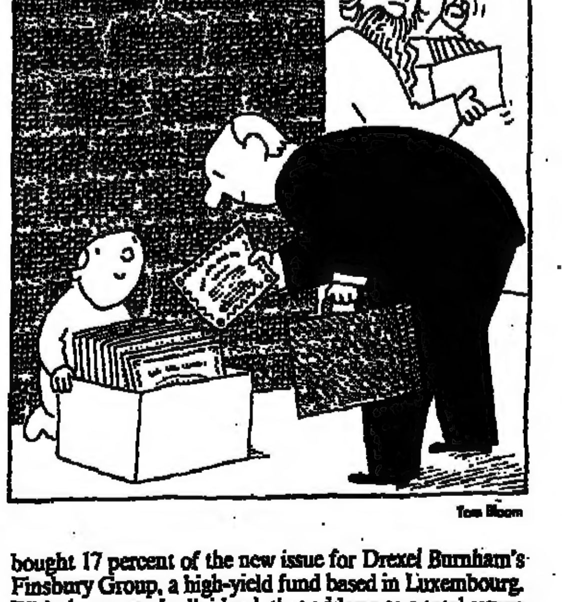
In the last 12 months, yields on high-quality U.S. corporate bonds have sunk from just under 14 percent to less than 11 percent. The retreat in short-term interest has been even more daunting, with the average yield on U.S. money- market funds down to 7.15 percent from about 11.24 percent last fall.

In quest of loftier returns, many individuals have been following institutions into the murky field of junk bonds, those high-yielding securities issued by companies with less than sterling credit ratings. Among investment professionals, the term has been extended to embrace a wide range of instruments such as convertible preferred stock, debentures and equipment-trust certificates.

In addition to current yields that can run from three to four percentage points above those of high-grade bonds, junk bonds often hold the promise of large capital gains if the issuer's creditworthiness improves and the price of the bond rise. Of course, a turn for the worse can just as easily lead to staggering losses.

One example of a positive outcome is an issue of convertible preferred stock by Wickes Cos., a building-products company that emerged from a court-supervised reorganization last spring. The shares, issued in May at a price of $25 each, pay a $2.50 annual dividend and are convertible into common stock at an 8-percent premium.

Last week, the preferred shares were quoted at $32 each, according to David Solomon, a money manager who had



Tom Bloom

bought 17 percent of the new issue for Drexel Burnham's Finsbury Group, a high-yield fund based in Luxembourg. With the quarterly dividend, that adds up to a total return of 30.5 percent in less than two months.

One gauge of investor enthusiasm for these securities is the growth in the number of mutual funds specializing in junk bonds, from seven funds in 1977 to about 40 now. According to Lipper Analytical Securities, the high-yield bond funds had $7.24 billion in assets at the end of 1984, more by far than any other type of bond fund.

The growth has come on the back of impressive performance. Though they stumbled badly in late 1984, junk-bond funds have outperformed all other categories of bond funds in six of the last 10 years, according to the Lipper figures, which assume reinvestment of dividends.

Junk bonds have also attracted regulatory scrutiny because of their use in some hostile corporate takeovers. But Drexel, the Wall Street firm that dominates the $75-billion market, is quick to note that only a small percentage of junk-bond issues are linked with takeover battles.

Indeed, many of the issuers are young, fast-growing companies without the track record or balance sheet required to obtain top credit ratings from Standard & Poor's or Moody's, the two leading rating agencies. Such issuers as MCI Communications, People Express and Kinder Care, though far from being part of the Fortune 500, are well-known among investors and have big Wall Street followings.

Before Drexel began bringing younger companies to the market, the high-yield bond sector was mostly dominated by "fallen angels," big-name companies who had fallen on hard times and were undergoing restructuring. Speculators would move in and buy a struggling company's bonds at large discounts, hoping for a turnaround that could further sweeten the high current yield with a big rise in the price of the securities.

But efforts to save a company do not always succeed, and the recent downturn among technology companies has reminded investors how rapidly an emerging growth company can slip into the red. Thus, the high yields on junk bonds are a form of compensation to the investor for the increased risks that the issuing company may default, wiping out his investment.

Some junk-bond enthusiasts cite studies showing that the average annual default rate on all low-rated bonds over the last 10 years has only been about 1.5 percent of their total par value. They also note that, in most defaults, investors seldom lose 100 percent of their capital.

But even some partisans of junk bonds acknowledge that future default rates could be higher, given the larger

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COMMODITIES

Fast-Moving Commodity Pools Go for Big Gains

(Continued from Page 7)

matically in the past decade. Market volatility, though sometimes dramatic, has been more or less phlegmatic when compared with the 1970s. Prices are steady, and even potential catastrophes or international crises do not carry as much psychological weight as they once did.

The price of sugar in the 1970s, for instance, was over 65 cents a pound and sometimes moved as much as 3 cents a day. But now, notes Dineesh Desai, president of Desai & Co, a trading adviser located in Mountain View, California, a pound of sugar now costs 3 cents and has remained at that price for the past three months.

That has meant bad news for fundamentalists, or traders who base their buy-and-sell decisions on factors such as weather conditions or other forces likely to shape supply and demand.

In the 1970s, Charles Curran scored big gains on news about U.S.-Soviet wheat deals. But his best effort since came two years ago when corn and soybean prices jumped on the news of a devastating drought. Mr. Curran also jumped — heavily — and emerged with a 60-percent payback in one month. But now, because of a lack of sustained trends, Mr. Curran concedes he is doing "moderately poor" this year managing $10 million.

Individually, however, some trading advisers have kept blooming. Topping the list is William A. Dunn, the Florida-based president of Dunn Commodities Inc., who currently manages about $60 million and has generated a 66-percent gain in one managed pool during the past year.

"We take a conservative approach, and time has proved we're right," said Mr. Dunn, a physicist who has been following commodities markets for 14 years. "When the inevitable disappointment comes, it doesn't destroy us. And when we're successful, we're rewarded."

Like many in the industry, Richard Levin, president of New Jersey-based Orion Inc., describes himself as a technician who determines future commodity prices on the basis of price movements, rather than commodity supply and demand. "I've never seen a soybean," he says.

Orion has successfully used the technique to generate an 88.2-percent return between 1980 and 1984. And to prove the firm hasn't lost its touch, Orion started another privately managed pool, Orion Partners, last December, which gained 46.3 percent through the end of May.

Two of the hottest traders and pool managers at the moment are considered to be Tom Willis and Robert Jenkins, both 35 years old. The two Chicagoans began a private pool called Floor Traders' Futures Fund I in June 1982 that generated a 292-percent return through May, including a more than 30-percent gain for the first five months of this year. That means that an original unit with a $985 net value is now worth $3,860.

The secret, says Mr. Willis, is to be conservative. That tendency, he says, has grown out of 10 years' pit trading experience, and from knowing enough to keep a large position in liquid, interest-bearing securities.

"I have to keep a large chunk there to give me a mental massage," says Mr. Willis, describing his personal portfolio, which reportedly is worth some $2 million. "There's a part of every trader who's waiting for the shoe to drop. My portfolio is so conservative I could give it to a money manager and he could get me two more points."

Mr. Willis and Mr. Jenkins have a bearish reputation for going short. But if gold is going up and soybeans down, then Willis Jenkins Inc. would probably sell the weakness and buy the strength. The trading philosophy has earned significant converts in the commodities industry: 50 percent of the $35 million Willis-Jenkins Inc. currently manages is from other traders.

The most outspoken advocate of trading commodities is also the industry's patriarch, Richard Donchion. A financial consultant with Shearson Lehman/American Express in Greenwich, Connecticut, Mr. Donchion started the first commodities fund in 1948. Today, at 79, Mr. Donchion manages two public funds as well as $12 million in private accounts. For the past five months, he says, these have posted gains of between 15 percent and 22 percent following two years of losses and minor gains.

Mr. Donchion recognizes that the industry needs higher inflation to generate the 323-percent gains his clients enjoyed back in 1974. For the time being, however, he recommends holding a commodity account as a hedge against what happens in the economy. "If we get another round of inflation, then commodities will do better than anything else," he says, adding that a well-managed commodity pool can be less risky than a stock fund.

What do other trading advisers predict for the near-term? Some, like Mr. Donchion, see inflation creeping higher toward the end of 1985, rewarding investors with more market volatility. Others, like Mr. Levin, admit they can only tell investors what they can lose, not what they will win. But perhaps the sagest advice is offered by those who track the industry itself. "Never prophesize, especially about the future," says Mr. Baratz, stealing a line from Samuel Goldwyn. □

Churning: How Much Trading Is Too Much?

ANY investor who turns funds over to an adviser should be on guard against "churning," a catchall term used to define excessive trading in a securities or commodities account for the purpose of generating commissions. While churning is getting more notice as a legal issue in the United States, it remains difficult to prove in court, especially when it comes to commodities.

The reason stems from the nature of the commodities industry itself, where speed and deft timing are crucial to making money and preventing losses. In the highly volatile environment that characterizes the futures market, a broker might have to protect his client's assets with a number of quick trades, particularly in a diversified account with positions in several currencies and commodities.

A broker earns a commission with each trade, win or lose, and thus an investor can be led to suspect him of padding his pockets if 30 straight trades result in huge commission fees as well as an overwhelming loss. Still, the broker may be guilty of no more than bad trading practices or be an innocent victim of market circumstance. Therefore, finding hard evidence of churning can be difficult.

It is much easier to detect churning in securities, where the markets generally are less volatile and trading in individual accounts is less frequent. To determine if a broker has been trading just to generate higher commissions, regulators in the securities industry routinely use the so-called Looper Formula.

The formula weighs three factors — the degree of broker control over the account, the frequency of trading and benefit to the broker. There is no such standard in the commodities industry.

"Churning in commodities is a very tough case to make," said Dennis Klenja, director of the enforcement division of the CFTC, the regulatory agency for the commodities industry in the United States. "While it may be common for an investor to buy a security and keep it for a long time, trading in commodities means having a position and selling it more quickly."

Despite the difficulties in proving churning, there are precautions that investors can take to monitor their accounts. Jeffrey Rosen, an attorney who has written extensively on churning for the Commodities Law Letter, says there are five basic warning signs of the practice.

The first sign, he says, is a high commission-to-equity ratio. If a $30,000 account is reduced to $10,000 in one month, and an investor is then handed a bill for $10,000 in commission fees, there is a reasonable probability that the account has been churned.

The second concerns day trades, or the practice of establishing and liquidating positions during the course of a day. That is similar to a third warning sign, in-and-out trading, where a broker establishes and liquidates 5 or 10 positions in one day, and then re-establishes them the next day in what becomes a pattern. Evidence of such abuse can appear on monthly statements distributed by commodity advisers.

A fourth sign involves trading under margin, best explained as when an investor's equity is very low but the broker goes ahead and puts him into 10 more trades thus generating commission fees which cannot be covered by the balance remaining in the account.

The fifth indication that a broker might not be playing fair comes when there is an undisclosed split between the broker and a third party, usually the trading adviser. Since it is undisclosed, an investor might not notice something amiss if commissions are exceptionally high. □

— Bruce Hager

David Suter

FUNDS

Equity Funds Lagged the Major Market Indexes in Quarter

By Nicholas D. Kristof

New York

RIDING the new highs regularly set by the stock market in the last three months, mutual funds gained an average of 5.94 percent in the second quarter. This was the eighth consecutive quarter, however, that equity mutual funds, on average, did not do as well as the Standard & Poor's-500-stock index, according to A. Michael Lipper, president of Lipper Analytical Services in New York, which compiles performance figures for 841 mutual funds.

The equity funds, which exclude specialty funds or those with investments in bonds or foreign securities, averaged a return, including dividends and capital appreciation, of 6.07 percent. With dividends reinvested, the S&P-500 gained 7.35 percent in the period, while the Dow Jones industrials rose 6.64 percent.

The best performers over all — such as Twentieth Century Gift Trust, which gained nearly 22 percent in the period — frequently were small, relatively new funds. They tended to shun computer and semiconductor issues and include in their portfolios the kinds of stocks that benefit from falling interest rates.

"Among the best performers, you had funds in health, utilities and some financial stocks," Mr. Lipper said. "They tend to be specialized — these are not major market players — and although they're not tiny funds, they're not as large as some others."

Mr. Lipper noted that over the last 10 years, 56 percent of equity funds did better than the market averages, compared with 39 percent in the quarter just ended. He said that the number of funds beating the market averages has been improving in the last few quarters.

The best performing fund in the quarter, Twentieth Century Gift Trust, also illustrates the volatility of the rankings. In 1984 the fund, which is run by Twentieth Century Investors Inc., lost 14.3 percent of its value. Since the turn of the year, it has risen by 47.2 percent.

The fund has major holdings in small companies involved in broadcasting, medical services, waste disposal and specialty retailing. It is highly unusual, however, in that people invest in it by placing their money in irrevocable trusts, in which investments must be committed for a minimum of 10 years. Typically an adult buys a share for a child, or perhaps a charity. Neither the donor nor the beneficiary can touch the investment until a specified date at least a decade later. A no-load fund, it is actively managed.

Outside the equity-fund category, funds that invested in bonds and other fixed-income securities did well because of the substantial decline in interest rates last quarter. Not only did these funds maintain high interest rates, but they also benefited from rising securities prices.

The worst performers in the second quarter were funds that specialize in stocks of precious metals companies. Five of the bottom 10 were gold funds, and three more focused on silver, precious metals and natural resources. These kinds of stocks tend to be hedges against inflation and do poorly in periods, such as last quarter, when a slowing economy suggests that a resurgence of inflation is not imminent.

The worst-performing fund in the second quarter was 44 Wall Street, a New York fund that aims for capital gains. It declined 18.41 percent. It also was the worst performing fund for the first half of the year and for the last 12 months as well as for the last five years. Since June 30, 1980, the fund has lost 56.26 percent of its value, according to Lipper Analytical. At the end of March, the fund had assets of $71.6 million. □

The New York Times

Second-Quarter Mutual Fund Performance

Mutual funds that showed the largest percentage gains and declines in net assets, including dividends, for the second quarter of 1985.

Fund	Investment strategy	Percent change from previous quarter	Percent change from year ago
BEST PERFORMERS			
Twentieth Century Gift	Irrevocable trust fund	+21.8	+47.2
Fidelity Select Health Portfolio	Health stocks	+19.5	+56.2
New England Series Capital Growth	Growth fund	+17.6	+51.9
Loomis Sayles Capital	Growth fund	+16.4	+39.4
Steadman Investment	Growth fund	+15.7	+20.3
Fidelity Select Financial	Regional bank stocks	+15.1	+56.9
Drexel Select-Emerging Growth	Growth fund	+15.1	n.a.
Fidelity Overseas	International fund	+14.7	n.a.
Bruce Fund	Growth fund	+14.3	+38.5
I.R.I. Stock Fund	Growth fund	+13.4	+32.7
WORST PERFORMERS			
44 Wall Street	Capital appreciation	−18.4	−43.1
First Investment Natural Resources	Natural resources	−15.7	−19.6
United Prospector	Gold fund	−12.9	−29.87
Strategic Investments	Gold fund	−12.8	−33.0
Strategic Capital Gains	Capital appreciation	−12.7	−4.4
United Services Gold Shares	Gold fund	−11.2	−28.4
Strategic Silver	Precious metals fund	−11.1	n.a.
U.S.A.A. Gold	Gold fund	−10.2	n.a.
Franklin Gold Fund	Gold fund	−10.1	−21.8
Hutton Invest. Sr. Precious Metal	Precious metals fund	−9.9	n.a.

n.a.–not applicable

Source: Lipper Analytical Services

Funds Cash In on Europe's Rally

(Continued from Page 7)

a decline in the dollar, fund managers say the market rallies also reflect fundamental changes in Europe that will continue to underpin the markets.

Peter Watts, director of Hill Samuel's new offshore European Trust Fund, said there has been a growing realization among government leaders throughout Europe that private-sector profits, not heavy public expenditure, is more likely to achieve economic growth.

Michael Wrobel of Fidelity International Management Ltd. still sees many opportunities in the market. If interest rates edge lower, he believes financials will continue to move higher. He also notes that Europe has much to gain from lower oil prices. "The oil price hikes really crucified Europe as an oil user, but now, provided the cuts feed through, it will derive great benefit," he said.

Despite the upbeat attitude toward Europe at large, however, managers still prefer to weigh their portfolios heavily in favor of what they call the continental "Big Four" markets in Germany, France, the Netherlands and Switzerland.

Miss Hall says 60 percent of her fund is invested in Deutsche mark-related stocks in Germany, the Netherlands and Switzerland. But over the past three months, she has lifted the fund's stake in France to 20 percent from just over 16 percent.

Nigel Ledeboer, of Save & Prosper Group Ltd., favors big capitalized stocks and has been shifting assets away from the secondary markets in Europe. Like others, he also has moved funds into the Big Four, withdrawing from Scandinavia, Italy and Spain. Save & Prosper's European Fund has cut its Scandinavian portfolio from 40 percent of total invested to only 4 percent, he said.

Mr. Ledeboer agrees that financial stocks still have a ways to go andespecially likes the big Swiss banks. On the industrial side, he prefers such internationally recognized manufacturers as Daimler-Benz. "There is now a greater awareness of the international business of these European companies, and how good their track record has been," he said.

In contrast, Phillip Gray, chief investment manager of GT Unit Management Ltd., looks for small companies and has been paying close attention to Norway.

Despite the lethargic performance in London, some of the enthusiasm could spill over into British stocks. Britannia is considering prominent British companies such as GKN, the engineering group, Grand Metropolitan and Cable & Wireless. □

PROFILE

Jan Voûte: Making the Most of Trends

By Edward Rohrbach

Rotterdam

AS A TOP decision-maker at Robeco Group, the $6-billion Dutch mutual fund that is the largest outside of the United States, Jan R. Voûte has little trouble winning the attention of investors. "With the amount of commissions Robeco generates, brokers would crawl on their bellies to get his business — even if he never made them," one commented. Mr. Voûte, who spent eight years as director of Robeco's North American equity investments, is widely viewed as the top money manager in Europe to cultivate.

"Tough" was the descriptive term mentioned unanimously by brokers in Europe and the U.S. who have dealt with Mr. Voûte, who now is managing director of Robeco's $700-million capital-management affiliate, Rotrusco.

"Yes, he's a very tough customer," said another top European money manager. "He's very Dutch."

"He's a little spoiled, too," added a Dutch broker. "Every firm put their best man on Jan. Robeco's a plum. He's always been in touch with the very best people in America and Europe. They all rate him very high. He's top notch."

One U.S. broker who has done business with Mr. Voûte over the years said he has "a very good feel for markets world-wide and is about as good at investing on Wall Street as any of the top Americans who manage funds." He added tha· the Dutchman's "tremendous strength is to invest aggressively when the opportunity presents itself."

Mr. Voûte admits to his reputation. "I can be a real pain," he said. "Heading the American desk, I dealt with 35 brokers — many more if I'd wanted — and unless someone phoning had a good, new idea I'd cut them short. After a while, my telephone didn't ring all the time."

Or, as a broker in London put it: "Jan is the last chap you call when you have nothing to say. And if you do have something to say, you'd better know all the ins and outs of what you're proposing."

Mr. Voûte tells the story of an American broker whose opening remark at a meeting in his Rotterdam office was to breezily ask, "What's Robeco?" He was shown the door.

But Mr. Voûte, just turned 38, gets the tables turned on him at the remodeled farmhouse on the Rhine where he lives with his wife, Paula, and two teen-aged children. Mrs. Voûte has told her husband that he too will be shown the door anytime his weight gets over 100 kilos (about 220 pounds).

Mr. Voûte, who usually vacations with his family hiking or skiing in the Alps, said jokingly that his hobby is watching his wife garden. But a relative calls her the "driving force" in his life.

The two were married while he was still a student earning a bachelor of arts degree in economics at Rotterdam University. He took a part-time job at Robeco when he was 21, and worked his way up the hard way, although his grandmother was a Pierson, from the prestigious Amsterdam banking family, and his father a doctor.

Mr. Voûte's first big job at Robeco, monitoring the mutual fund's Canadian investments, came after only six months. His mother was a Canadian, and he credits his maternal grandmother, who lived to be 100, for being the inspiration for his interest in investing. "The only stocks she owned were Canadian Pacific and Bell Canada, but she knew everything about those companies," he recalled.

Mr. Voûte, in contrast to the volatile markets he follows, described himself as "very stable — I've lived at only three addresses in my life."

At Robeco, where he was recently elevated to the level of deputy managing director, he is also known as a forceful advocate of his views. Last summer, for example, he argued strongly against the prevailing consensus that U.S. bank stocks were too risky because of the international debt crisis.

"It was just too widespread an opinion — in the press, in my own office," he said. "I had a gut feeling the fear was already in the stocks."

"I always feel most comfortable when I'm disagreeing with the mainstream opinion," he said, adding that the biggest mistake most investors make is "panicking in a bear market that is bottoming out — that's costly."

Not that Mr. Voûte has never been wrong himself. Like many Europeans and even Robeco, which was hedging its portfolio position, he shorted the dollar heavily in his personal account last year. "It lost me a lot of money," he admitted. He also confesses that he does better for Robeco and his family in the stock market than he does for himself.

"I guess it's because you can lie to yourself and not to others," he laughed. "Investing as individuals, we tend to fall in love with stocks."

His strongest suit has been to spot long-term trends. For example, he caught the dinsinflation wave early, and has ridden it profitably on Wall Street.

"Although as a market theme it's five years old now, I think disinflation has another 5 to 10 years to run," he said. "It will continue to make financial assets like stocks and bonds attractive."

In emphasizing this so-called top-down approach to investing, he admits to a weakness in picking stocks. "Stories about exciting companies don't interest me that much," he said. "I want to figure out, for example, where interest rates are heading over the longer term."

He says index futures are his favorite personal investment, because they allow him to play the general trend of the stock market. But for individuals who would rather purchase stocks outright, he recommends buying a package of 10 that reflect the overall market — "or buying a Robeco fund," he added.

He also singles out Dutch insurance stocks as a recommended investment. In the group, he mentions Aegon, Nationale-Nederlanden and Amev.

Mr. Voûte described himself as "positive" about Wall Street, but he says that over the next 12 months European exchanges will offer "far more interesting opportunities, especially with the currency factor, from a total return point of view."

He is looking for the Dow average to climb 10 to 15 percent, lifting it to about 1,450. That is the percentage he thinks the dollar will decline over the coming year. "We are about to enter a period during which all rates in the U.S. will decline below 10 percent," he said.

But it is for only a "relatively short interlude" that Europe looks most attractive to him. "Long term we should go where the action is — the Far East," he asserted. "Apart from Japan, that includes Hong Kong and Singapore. And who knows five years from now — maybe the Shanghai Stock Exchange." □

'I always feel most comfortable when I'm disagreeing with the mainstream opinion.'

AP/Wideworld

Jan R. Voûte, overseer of Robeco Group's $700-million Rotrusco affiliate.

Another Gauge for Stocks

By Leonard Sloane

New York

MENTION "price-earnings ratio" and individual investors usually know that the phrase deals with the relationship between a company's market value and its earnings. Daily newspaper stock tables list this indicator and brokers discuss it regularly with their clients. Dividing a company's share price by its per-share earnings has become a commonly used measurement for assessing the value of a company.

Within the last year or so, however, another ratio has been working its way into investor consciousness. It is the "price-sales ratio," calculated by dividing the price of a stock by its sales per share. Thus, if a corporation has $100 million in annual sales and five million common shares outstanding, its sales per share are $20. If its current price is $15 a share, it has a price-sales ratio of 0.75, determined by dividing the share price, $15, by the sales per share, $20.

Proponents of the theory aim to purchase or hold stocks with low price-sales ratios, while shunning or selling those with high ratios. A low price-sales ratio is generally considered to be 0.75 or lower, while a high ratio begins at between 1.5 and 3, depending on the type of company.

Analysts who use this gauge assert that the best-performing stocks will be unpopular shares of good companies, as indicated by the ratio. Low price-sales-ratio stocks, they say, are likely to perform well for the investor because any good news is likely to translate into higher prices. In contrast, high price-sales-ratio stocks do not perform well because they are too popular and discount too much of their future growth.

But even adherents of the price-sales measurement — sometimes referred to as the market value-to-revenues ratio — acknowledge that it cannot be used in isolation. Moreover, some feel that the formula does not easily distinguish between companies with low and high profit margins, nor apply too well to concerns such as banks and real-estate investment trusts, where continuing sales are not the driving force.

Nevertheless, the concept of measuring prices against sales, rather than earnings, is often useful as a technique for selecting stocks. It can be helpful, for example, in determining the quality of industrial and technology companies and in trying to predict stock-price appreciation over the long term. Since a substantial number of top-performing stocks began their rise when earnings were depressed, the traditional price-earnings ratio analysis would not have indicated their high growth possibility.

"Fundamentally, if you don't have sales, you don't have a business," said Kenneth L. Fisher, a money manager in Burlingame, California who has long advocated the use of price-sales ratios. "Earnings are a result, not a cause."

'If you don't have sales, you don't have a business.'

For example, Mr. Fisher currently suggests that individuals might look at four New York Stock Exchange stocks with a low price-sales ratio: Applied Magnetics, market price of $13.25 and price-sales ratio of 0.65; Goodyear Tire, market price of $29.25 and ratio of 0.31; Murray Ohio Manufacturing, market price of $18.125 and ratio of 0.19, and Wolverine World Wide, market price of $10.25 and ratio of 0.19.

High price-sales ratios "are almost always a sign of a stock that should be avoided, if not sold short," said Michael Murphy, editor of the California Technology Stock Letter. Low price-sales ratios "are not a sure sign a stock should be bought," he added, but they "can provide a happy hunting ground for further analysis."

Among the other factors that should also be considered in this analysis by users of price-sales ratios are a company's balance sheet, its market share, its management and its debt level. Professionals who utilize these ratios generally believe that they are necessary, but not necessarily sufficient.

Price-sales ratios are particularly effective when investigating companies without current earnings or ones that are growing rapidly. In general, large companies sell at lower price-sales ratios than small ones in the same industry and with similar prospects. And it is common to find that a company with a low price-earnings ratio will have a high price-sales ratio.

Whether the new gauge will eventually become as widely employed as price-earnings ratios remains to be seen. But small investors with a propensity for risk might think about the different ratio as a way to choose stocks that could, over the next three to five years, become much more valuable. □

The New York Times

CHART TALK

The 2d Quarter: Frankfurt and Milan Are Stars

AFTER the blistering pace of the first three months, prices on the world's major stock exchanges rose at more modest rates in the second quarter. Two star performers were Milan, where share prices jumped 22 percent in the last three months, and West Germany, where they rose 21 percent. In both cases, the surge was partly the result of an infusion of U.S. money.

U.S. investors, both institutions and individuals, swarmed abroad this spring on the expectation that a falling dollar would swell the value of their foreign holdings. Although the dollar refused to tumble, neither did it rise. Thus, this was one of the few times recently when dollar-based investors did not see their gains erased by a rising U.S. currency.

In New York, where the Dow Jones industrial average gained 5.4 percent during the quarter, the mood tends toward cautious optimism amid signs that the U.S. economy may be picking up.

"Everything was packed into May," said Hugh A. Johnson, portfolio strategist at First Albany Corp., noting that April and May had seen little overall movement. "If there was a surprise, something that caught the financial markets off guard, it was how aggressive the Federal Reserve was in easing monetary policy," he said.

The easier monetary policy, which took the forms of a cut in the discount rate and a strong expansion in the money supply, resulted in lower interest rates.

At the same time, many investors were alarmed at signs of weakness in the economy and the impact that might have on corporate profits. Thus, another sector that did well were the so-called "defensive stocks," such as food and drug companies.

Toronto, by far the biggest of Canada's five exchanges, set a record during the quarter and closed about 3.5 percent above its level at the beginning of the quarter. Weak commodity prices were the principal constraint; like the Australian and South African markets, Canada's dominant equities are in natural resources.

The modest performance there followed a tremendous first quarter, which in turn compensated for a dismal 1984.

As in New York, many of the best performers were utility and financial-services issues, which benefited from lower interest rates. Financial-services stocks jumped an average of 14 percent, while the utility sector rose 10.7 percent. On the other hand, resource issues tumbled. The metals group fell an average of 6.5 percent, gold stocks dropped 3 percent and oils plunged 9 percent.

Among the larger price changes, Dome Petroleum, after showing some signs of life before its recent equity issue, slid 15.5 percent. The company continues to shed non-essential businesses, and analysts are again recommending the stock. Dome, which has more than $5 billion in debt, would benefit from any further declines in interest rates. But like all oil producers, it is vulnerable to falling petroleum prices, analysts say.

Gold mining companies generally declined, with one notable exception: The Lac Minerals Group announced that its four constituent companies would merge to create Canada's largest bullion producer, triggering some wild stock gains.

Among financial companies, Canadian Imperial Bank of Commerce had one of the best gains, rising 24 percent during the period. Once the lowest rated of major Canadian banks, Commerce is touted by analysts as a turnaround candidate. Loan losses are declining and the shares trade at a large discount from their breakup value.

Two closed-end funds set up in the first quarter, Growth Investment and Value Investment, had good gains. They invest in blue-chip Canadian stocks and will be liquidated in the early 1990s. Both are trading at substantial discounts from their net asset value, and some analysts say they are a good way to play the Canadian equity market.

An excellent performance in the last three months, on top of an outstanding first quarter, suggests that 1985 will be another vintage year for the Paris Bourse.

The peak, which was reached on May 31, was almost a third higher than the year's low set at the beginning of January. Observers say some credit must be given to the new investment instruments developed by the bourse. These include Treasury mutual funds, share savings accounts that bring tax advantages to private investors, and participatory shares and investment certificates in nationalized companies, which give buyers a profit-related dividend but no voting rights.

In London, last year's lackluster performance continues. In the second quarter, it was the worst performer among the major markets around the world, losing about 3 percent of its value. The pound's rise was one reason for hesitancy in the market, analysts say. They worry that British exporters will find it more difficult to compete abroad with the more valuable pound, while their earnings in foreign currencies will translate into smaller sterling profits.

Another reason for the market's drop, which came in June after a small rise earlier in the quarter, was a delayed concern about the level of Britain's interest rates, which are about four percentage points higher than U.S. levels.

Amsterdam has also slowed from its pace early in the year. Stock prices rose about 3.4 percent in the second quarter, and remain modestly below their 1985 peak. But analysts were cheered by first-quarter corporate profits, which grew an average of 30 percent, and they say that reduced labor pressures and a restructuring of Dutch industry should leave the market in a good position. That may not be true of some of the best known companies, however, whose profits and stock performance have been mixed.

The Tokyo stock market also had a disappointing quarter. Although the Nikkei-Dow Jones average rose 2.3 percent in the quarter, to a record, most of the growth was in little-known issues that foreigners rarely buy.

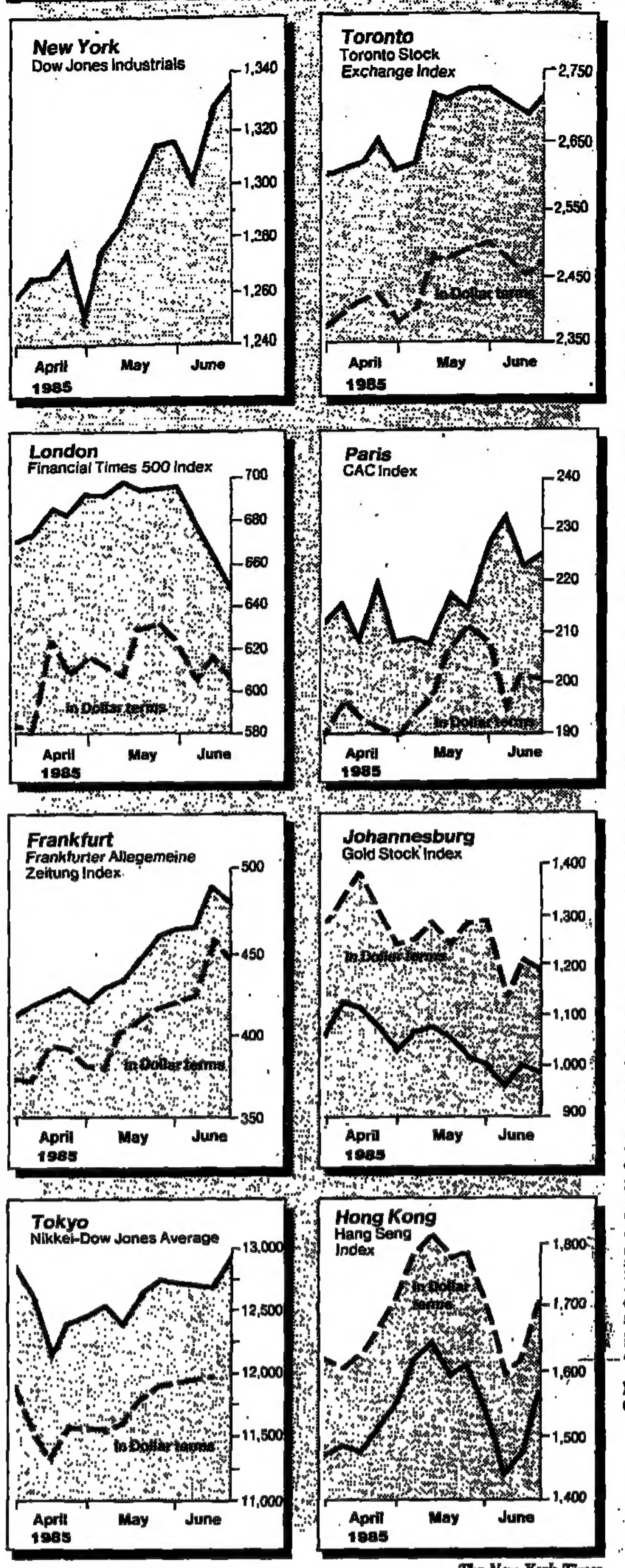
The ebullience of the first quarter lasted only until April 3, when the index tumbled after setting a record. Two weeks later, on April 16, the index plunged 345.45 points, the largest one-day drop in its history. Since then, many stocks have edged higher, but the best-known issues continue to be haunted by concerns about trade protectionism in the United States and Europe, as well as doubts about economic prospects there.

The Milan stock market remains the toast of international investors. Stock prices rose 22 percent in the last three months alone, and are up about 45 percent — in dollar terms as well as in local currency — since the start of the year. Optimism about the economy, a sense that the government is in control, and restructurings of labor and industry have helped boost stock prices, analysts say. □

The New York Times

Second-Quarter Activity on Major Stock Markets

Weekly close of selected share prices on major international stock exchanges



The New York Times

Continuing Confidence in June

NEW YORK stock prices were spurred to a record high last month by signs of a strengthening U.S. economy. The Dow Jones industrial average rose to 1,335.46 on June 28, up 20 points from the final day of May, as the market brushed off uncertainties surrounding Washington's efforts to restrain the budget deficit and revise the tax system. The Standard & Poor's Composite Index registered 191.85, a gain of 2.30 in the month.

"It's a bull market, except for the technology stocks, which are in a major recession," said John Rutledge, an analyst with Dillon Read & Co.

Elaine Garzarelli, of Shearson Lehman/American Express, noted that "the Treasury bill rate is below 7 percent, the lowest since 1982, and that's very positive." She thinks the market is poised for a major move up. "I think the individual investor will look at the low interest rates offered by money-market funds and start to shift funds into stock mutual funds," she said.

Last month's top performer, American Hospital Supply, rejected a takeover offer from Baxter-Travenol and reaffirmed its intent to merge with Hospital Corp. of America. Sun Electric, which has been profitable for only two quarters in the last three and a half years, ranked second because of positive market response to its new management and its increasingly competitive position. The company, which manufactures automotive diagnostic equipment, "by all indications has finally turned the corner," said Joseph Phillipi of E.F. Hutton.

Topping the list of worst performers was Norlin Co., a manufacturer of electrical instruments that has been plagued by legal troubles at its subsidiary, Charles P. Young Co. in Chicago. Ideal Basic, a cement manufacturer that ranked second among last month's worst performers, has been saddled with expensive state-of-the-art cement plants operating at far less than full capacity.

The American Stock Exchange Index closed the month at 230.89, down slightly from 231.69 at the end of May. The exchange's top gainer was Downey Savings and Loan Association of Costa Mesa, California, which capitalized on declining interest rates and increased its earnings sevenfold during the first quarter of the year. Diamond Bathurst, a container company that grew through acquisition of a glass company, was the second-ranking gainer on the American Exchange.

Regional banks benefited from lower interest rates and a Supreme Court decision.

The London exchange dropped 4 percent in June, due largely to continuing concerns about the British economy. The Financial Times Index closed June 28 at 595.54, off 38.62 points from May 31. The market responded negatively to numerous demands for large amounts of cash by institutions, and the failure of many corporations to reach earnings expectations, especially in the electronics sector.

London's three worst performers last month were electronics companies, all of which are facing tougher competition and oversupply in the markets of their key products.

Allied Lyons, the restaurant and beverage concern, generated speculative attention as a potential takeover target, most recently by Anheuser-Busch. Midland Bank rebounded strongly, reflecting anticipation of strong earnings growth, according to analysts.

The Tokyo exchange reached record highs last month. The Nikkei average closed at 12,882.09 on June 28, up 123.63 from a month earlier. The bulk of activity was among the moderate- and low-priced stocks, however. □

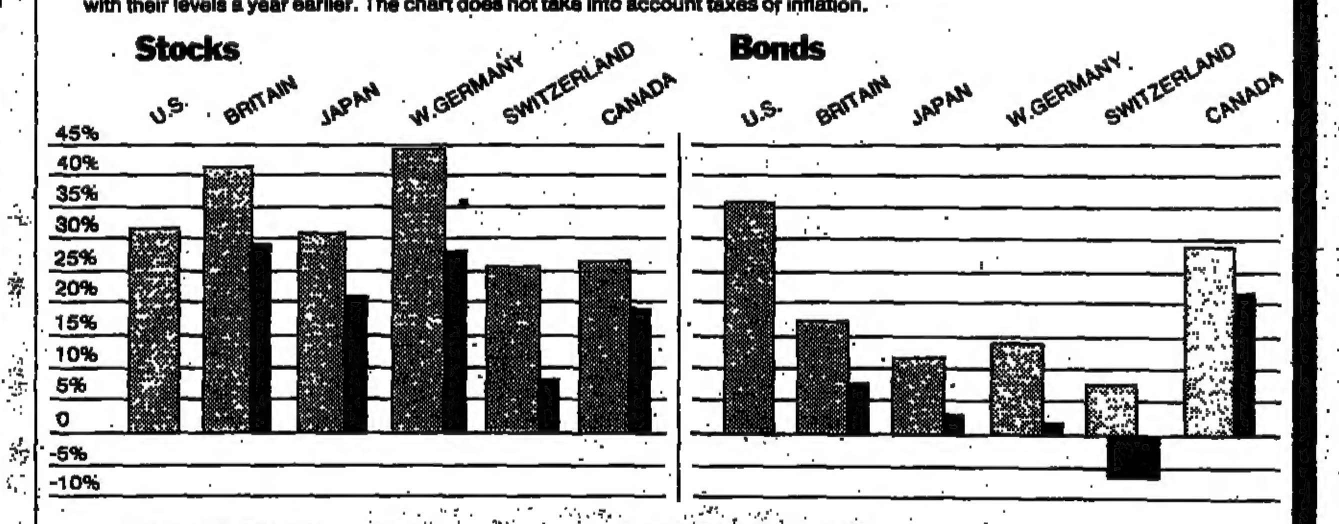
Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in June.

GAINERS	Percent Gain	June 28 Price	LOSERS	Percent Loss	June 28 Price
New York Stock Exchange: Compiled by Media General Financial Services. Prices in dollars					
American Hospital	30	41.00	Norlin	30	10.00
Sun Electric	24	11.13	Ideal Basic	24	11.63
CNW Corp.	23	21.25	Katy Industries	24	17.75
Wieboldt Stores	23	11.50	Home Depot	20	13.25
Imperial Corp.	22	11.75	Cooper Tire	20	15.38
Dayco Corp.	22	20.88	Lear Petroleum	19	13.38
Cincinnati G&E	22	18.25	Phelps Dodge	18	17.00
Munsingwear	22	14.00	General Datacom	18	12.38
General Host	22	16.88	Armstrong Rubber	17	15.75
Harcourt Brace	21	68.88	Control Data	17	25.88
American Stock Exchange:					
Downey S&L	55	23.00	Lynch Communication	30	24.38
Diamond Bathhurst	41	24.75	Materials Research	23	11.75
Sterling Software	40	10.50	Alza Corp.	19	21.00
Western Health Plans	37	22.75	Bow Valley	19	10.25
Crowley, Milner & Co.	32	47.00	Crown Central	19	12.50
Over the Counter:					
BankNorth Group	47	23.50	Paul Harris Stores	46	11.88
TRC Cos.	44	14.00	Western Tele-Commun	40	13.13
Insituform East	44	11.13	Merchants National	31	36.50
Possis Corp.	41	19.00	Mentor	28	13.50
Hyponex	40	11.00	Electro Catheter	21	18.25
London Stock Exchange: Compiled by Capital International. Prices in pence					
Schroders	9	823	BSR International	42	51
Allied-Lyons	8	217	Racal Electronics	24	144
Midland Bank	8	374	Thorn-EMI	23	357
Metal Box	8	446	Hanson Trust	22	180
Mercury Securities	5	423	Standard Telephone	21	134
Unigate	4	170	United Scientific	20	180
BAT Industries	4	316	English China Clays	19	218
Booker McConnell	3	266	Beecham Group	17	318
International Thomson	3	499	Lasmo	17	240
Distillers	2	296	Hepworth Ceramic	17	120
Tokyo Stock Exchange: Compiled by Capital International. Prices in yen					
Nichii	26	925	Sanko Steamship	19	81
All Nippon Airways	25	685	Kureha Chemical	17	858
Orient Finance	24	880	Asahi Chemical	17	919
Fujita Tourist	23	1,100	Nippon Kogaku	14	1,150
Taisho Marine and Fire	20	585	Fuji Electric	13	349
Nippon Fire and Marine	20	490	Hitachi Cable	13	610
Toyo Seikan	18	1,180	Tokyo Electron	12	3,000
Nippon Credit Bank	18	5,880	Japan Catalytic	11	480
Yasuda Fire and Marine	17	600	Settsu Paperboard	11	800
Sumitomo Trust	15	1,180	Sankyo Co.	11	1,230

Total Return for 12 Months

Total return measures both the changes in the prices of securities and the income they provide, either in dividends or interest. Gains and losses were measured by comparing market indexes with their levels a year earlier. The chart does not take into account taxes or inflation.



Source: InterSec Research Corp., Stamford, Connecticut. Bond indexes are proprietary. Equity indexes are from Capital International.

BONDS

Junk-Bond Funds Put Accent on Yield

(Continued from Page 7)

number of issues by volatile, growth-dependent companies. Still, by some analysts' calculations, default rates would have to rise fairly substantially before high-yielding junk-bond funds would lose their edge over conventional bond funds for the long-term investor.

Analysts point out that default risks can be reduced by holding a widely diversified portfolio of junk bonds rather than just a few issues, which is one reason why mutual funds make sense for investors who wish to play the market. "Real diversification is so critical, so valuable," said Felix Smith of Putnam High Yield Fund, which has over $1 billion in assets. The holdings should not be too heavily weighted in a single sector, such as health-care companies or nuclear-power utilities, he says.

The professional portfolio management that comes with funds is critical because of the inherent volatility of junk bonds, which, like common stocks, are heavily influenced by the near-term outlook for the issuing company.

Bill Pike, manager of Fidelity's High Yield Income Fund, says "the creditworthiness of the issuers and the supply of junk bonds" are bigger factors in the high-yield market than short-term swings in interest rates. He attributes the poor showing of the funds in 1984, when the group underperformed funds of U.S. government bonds by nearly five percentage points, largely to a glut of new issues in November and December.

The volatility of this market means that investors should regard the purchase of junk-bond funds as a fairly long-term investment, for about three to five years. "A short-term focus can be misleading," cautions Martin Fridson of Morgan Stanley.

Studies done by Mr. Fridson show that over short periods of time, relatively minor changes in the relationship between the markets for high-grade bonds and junk bonds can cause a junk-bond portfolio to underperform a portfolio of high-grade bonds. But over a period of three to five years, what Mr. Fridson terms the "brute force" of compound interest — in other words, the interest on previously accrued interest — "turns the odds decisively in favor" of the junk-bond portfolio.

Investors in junk-bond funds should look into how much of the portfolio's assets are kept in securities with low credit ratings and how much is kept in high-grade securities. This will give a sense for how much risk the manager typically takes on to achieve his levels of return. Usually, from one-sixth to a third of the portfolio is kept in higher-grade securities, including U.S. government bonds or corporate issues with Standard & Poor's ratings of single A, double A or triple A.

Mr. Smith of Putnam, whose fund is currently about 63-percent invested in high-yield securities, said he is in "a defensive position" and has increased the percentage of investment-grade securities.

Most high-yield funds charge "load fees" of a few percent on initial purchases, and will set up a monthly payment scheme for investors who want income. Minimum investments range from $1,000 to $3,000. These funds have been particularly popular for tax-deferred programs such as retirement accounts, where the mix between income and capital gain has no impact on the investor's tax situation. □

A High Yield Fund Sampler

	12-Month Total Return (Ended May)	5-Year Total Return (Ended March)	% Assets in Low-Grade Securities*
Dean Witter High Yield	22.7%	107.4%	87.9%
Fidelity High Yield	31.0%	127.7%	82.9%
Putnam High Yield	22.8%	123.3%	63.4%
Shearson High Yield	25.3%	N.A.	90.0%

*Usually defined as securities rated BB and under by Standard & Poor's

Sources: Lipper Analytical and fund managers.

THE BOURSES

Going Short: A Look at 2 Stocks Stalked by Bears

By John C. Boland

New York

THE U.S. stock market's relative strength over the last year has pained short sellers, those speculators who sell borrowed stock hoping to buy it back later at a lower price and with a profit. As prices have risen, losses have widened for these bears.

Some of the "shorts" have scrambled to close out positions, while others have hung on doggedly, praying for a break in prices. But if prices stay firm, or head up, a classic squeeze may develop: As short sellers rush to close their losing and dangerous positions, their buying lifts prices, making escape even more costly.

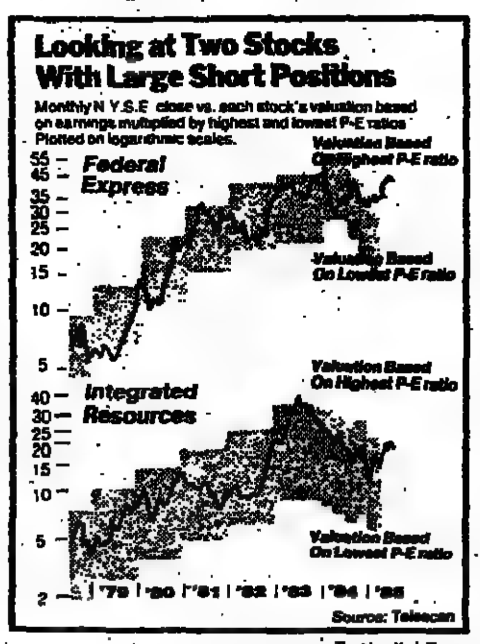
Indeed, that happened in the fall of 1978 in the gaming stocks. A squeeze on short sellers in Resorts International led to a spectacular blow off, driving the company's stock price from about $20 to $210 in only a few months.

Professional short sellers specialize in spotting a company's deteriorating finances or eroding margins. The real daredevils also look for "rigged" stocks, typically over-the-counter issues supported not by corporate fundamentals (there may none to speak of) but by one or more brokerage houses with pools of discretionary money.

Among stocks on which there are strongly bearish views now — backed by big short positions — are Federal Express and Integrated Resources.

The contest between bulls and bears on Federal Express has the potential for drama because the stock remains an institutional darling. But Federal's earnings failures in the past year would have smashed many a growth stock.

After years of steady gains, the package and document carrier is on the verge of reporting its fourth straight quarter of lower profits. For the fiscal year through May 31, Federal Express probably cleared no more than $1.35 a share, versus $2.52 a year earlier. Yet the stock recently has been rivaling its 52-week high of $45.375, more than 30-times earnings and almost 3-times its book value.



The New York Times

The recent price is not too far shy of the stock's 1983 record high of $48.

The problems at Federal Express include lower margins in its basic express package business, rising competition and an expensive start-up of a Zap mail facsimile-transmission system.

James Chanos, an analyst with Deutsche Bank Capital, a New York subsidiary of the West German bank, is probably the best-known short seller of Federal. "We think Federal is a fine company," he said last week, "but the stock is ahead of itself given the problems. United Parcel Service will be a formidable competitor in the overnight letter business."

While UPS lacks Federal Express's advanced package-tracking capabilities, Mr. Chanos noted, the carrier already has a fleet of trucks and vans, the biggest hurdle to market entry.

As for Zap mail, Mr. Chanos argues that it is too early to know whether the on-site transmission service will succeed. "But they're sinking a lot of dollars into it, and it's getting to the point where it had better be a success."

But many fund managers and analysts accept the company's view that the growing pains with Zap mail and the lower profitability of the overnight express business will prove temporary.

"In the priority package market, Federal competes with Airborne, Emery and Purolator," noted Alfred H. Norling, an analyst at Kidder, Peabody & Co. "This part of the market is very service sensitive, and Federal sets the standard with 10:30 A.M. delivery. Federal has a 70-percent market share, and it's increasing." While margins have shrunk, Mr. Norling agreed, much of that was due to heavy capital expenditures, which he believes have peaked.

With two major expansions behind it, according to bulls, Federal should begin reaping higher profits from the additional package volume it has picked up. Mr. Norling, for one, does not see margins returning to the 15-percent pretax levels of the late 1970's, but does expect recovery to the levels of two years ago. He is projecting a sharp earnings rebound, appearing in the latter part of the new fiscal year, which will lift Federal's net to $3.25 a share in the fiscal year 1986 and $4.50 in fiscal 1987.

The other favorite of the shorts, Integrated Resources, was trading last week around $20, versus a 52-week peak of $26.125, which was set in the spring, as Saul Steinberg's Reliance Financial Services announced a sizable position in Integrated. Nearly 12 percent of the common stock has been "shorted," some by investors who doubt the soundness of the diversified financial service company's earnings.

As a major seller of tax-sheltered real-estate partnerships, the company suffered under the 1984 Tax Act and stands to take another blow if the administration's 1985 tax proposals become law. Earnings slumped last year to $2.84 a share from $3.37, and management has warned that 1985 could see a still lower net. The first quarter brought a loss of 74 cents a share, versus a 13-cent loss a year earlier.

Then there are questions about the quality of existing earnings. Integrated's reported income from real-estate transactions is not all cash, but rather an accounting entry that claims the present value of rental payments stretching years into the future. While that practice squares with accepted accounting rules, it does not make the earnings bankable.

Meanwhile, debt is heavy, and common stock earnings must come after preferred dividends that last year ate up $40.6 million, or 69 percent, of Integrated's net income. Then, too, Integrated's 21 top officers last year collected $18.6 million in salary, general partnership compensation and bonuses. That edged out the $17.2 million available to common share earnings.

Mr. Steinberg may also have something to do with the stock's staying power. "The theory is that Saul Steinberg must see something," said a short-seller, who also asked not to be named. He added that Integrated recently bought a number of motels for syndication from another of Mr. Steinberg's companies. Integrated said the "two events were completely separate."

On the bullish side, the company has been buying in its common stock aggressively, shrinking the outstanding shares from 7.9 million at the end of 1983 to 5.5 million in March 1985. In 1984, it exchanged a straight preferred stock to retire 1.8 million shares of preferred that could be converted into common. Thus, if earnings stage a rebound, they will be figured against a much smaller base of common stock than in 1983.

Some short sellers question the quality of the real-estate assets backing $620 million in contingent liabilities carried off Integrated's balance sheet. That sum, for guarantees on limited partnerships, is equivalent to more than $112 a common share. The shorts say that a jolt in the real-estate market could be a severe blow. "I'm bearish on commercial real estate," said one short seller. "This is one way to short office buildings."

But Selig A. Zises, Integrated's chairman, countered: "Our asset quality is tremendous, probably as good as any company's." And Anne McDermott, who follows Integrated for Moody's, concurred: "The asset quality is very good." □

The New York Times

A Strengthening Swiss Economy Underpins Zurich's Rally

By David Tinnin

Zurich

AFTER more than a decade of relatively uninspired performance, the Zurich Stock Exchange appears to be shaking off its reputation as the world's dullest market. The Swiss Bank Corp. index of all Swiss shares closed at 499.1 on Friday, up almost 25 percent since the start of the year. And many analysts expect the index to step across the 500 mark this week.

The prolonged rally has already placed Zurich's performance far ahead of markets in New York, London and Tokyo, and has earned Swiss stocks a degree of attention in international investment circles that is usually reserved for equities traded on such medium-size exchanges as Amsterdam, Frankfurt and Hong Kong.

More important to investors, however, is the prevailing sense among analysts in Switzerland that the upward momentum will continue. Their confidence, analysts say, stems from the fact that the market rally is essentially based on sound domestic fundamentals and does not depend on huge inflows of foreign investment or feverish local speculation. "The market reflects the renewed strength of the Swiss economy," said Robert Bischoff, chief trader at Swiss Bank Corp.

Indeed, the Swiss economy is showing signs of renewed vigor, thanks in part to a weakening of the Swiss franc, which has boosted exports. Phillips & Drew, the London brokerage, expects Switzerland's trade deficit this year to narrow to 7.5 billion Swiss francs ($2.95 billion)from 8.1 billion francs in 1984.

Although that would represent only a slight improvement, expanded sales overseas have already produced benefits for Swiss industry, especially in the vital areas of machine tools and watches. Some companies have returned to profitability, while others have been able to resume or increase dividends to shareholders. Phillips & Drew expects a 15-percent increase in Swiss corporate profits this year and another 10-percent rise in 1986.

Some analysts say the improved earnings picture has not yet been fully recognized by the market and that Swiss stocks are still undervalued. The average price/earning multiple is about 8, compared with almost 11 in New York and 14.5 in Frankfurt. Consequently, even some of the most attractive shares are still trading at low multiples. For example, analysts point out that Nestlé is trading at multiples of between 6 and 10, depending on the category of stock, while Ciba Geigy stands at 12.

In addition to economic fundamentals, the Zurich market has also been helped by the continued prosperity of Swiss banks. The banks' profit picture began improving in 1984, and many have begun distributing higher dividends to shareholders this year. Not surprisingly, the market is particularly fond of the Big Three Swiss banks — Union Bank, Swiss Bank Corp. and Credit Suisse — which are outperforming the market. The insurance sector has also been a market leader. Swiss Reinsurance, Winterthur and Zurich Insurance are currently among the leaders, analysts said.

Some lesser known Swiss stocks are also seen by analysts as having good potential. They include Biber Holding, a paper producer, Zürcher Ziegeleien, a major housing developer, and Autophon, a maker of communications equipment.

How long the bull market will last is uncertain. Some analysts say share prices could be pushed even higher if foreign investors decide to participate in the rally. Zurich brokers report a growing interest among foreign investors, both individual and institutional. In addition to Zurich's market performance, they say investors are also attracted to Swiss stocks as a hedge against a further decline in the dollar.

Nicholas J. Baer, president of the Zurich exchange, points out that the total capitalization of the market is only about 3 percent of the New York Stock Exchange. Therefore, even relatively small sums of foreign investment could lever the market to new heights, he says. □

SOMETHING DIFFERENT

A Vibrant Market for 'Art of the West'

By Betty A. Marton

New York

IN just over a decade, cowboys and Indians have become big business in the world of American art. Although "cowboy art," or, as it is more formally known, "art of the West," is not widely collected outside the United States, a strong domestic following has driven prices sharply higher in recent years.

Not too long ago, the vibrant, idealistic scenes of the Old West were dismissed by many experts as insignificant works, hardly worth a look by serious collectors. This disdain can partly be explained by the art form's humble beginnings — it first gained prominence at the turn of the century as illustrations in Collier's, Harper's and Scribner's magazines.

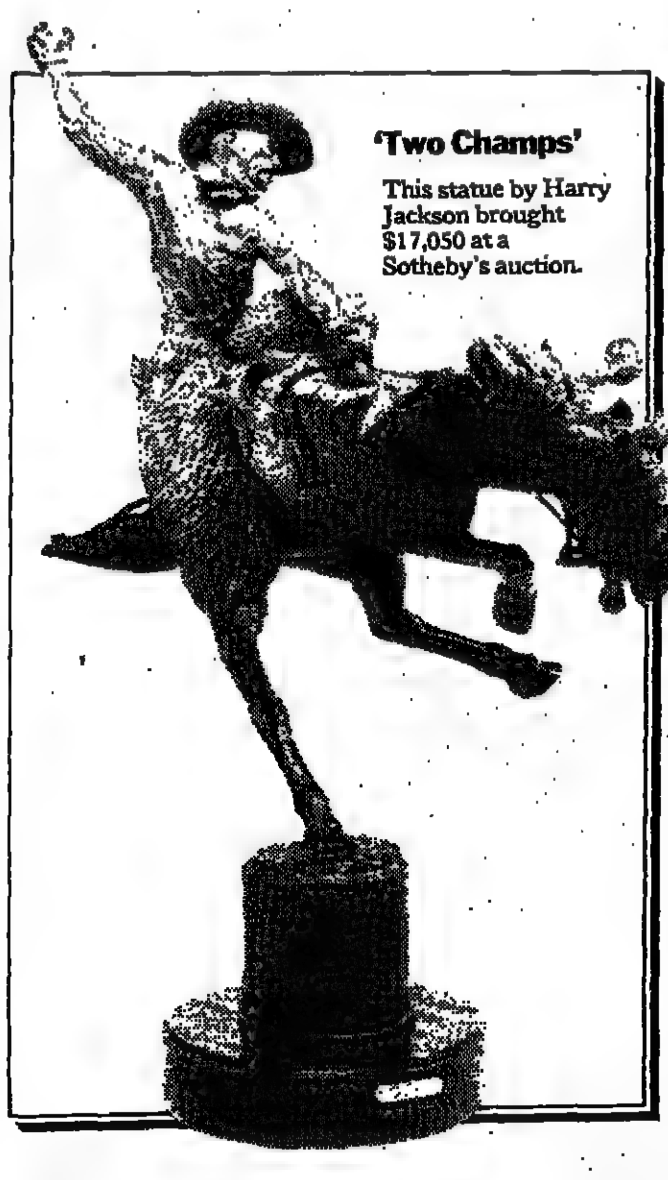
Since then, the reality of the marketplace has considerably softened critical opinion. Demand for paintings and sculpture depicting Western scenes began growing in the 1960s as new oil money from Western states poured into galleries featuring Western artists. Indeed, to this day, the bulk of public and private collections of cowboy art are housed west of the Mississippi.

Prices were spurred to new heights by the rapid inflation of the late 1970s. In 1979, an oil by Frederic Remington, perhaps the best known chronicler of Western life in the second half of the 19th-century, became the first of its genre to break the $1-million mark. More recently, works by Remington reportedly have sold for more than $3 million.

According to Michael Frost, an owner of the J.N. Bartfield Galleries in New York, which sold that first landmark painting, today's $1-million Remington, or a comparable work by his fellow classic artist, Charles Russell, would have sold for $35,000 to $50,000 just 20 years ago. The best paintings by other classic Western artists from the turn of the century, such as Frank Tenny Johnson, Olaf Seltzer and Edward Borein, can today command over $500,000.

And Henry Farny, known for his gouache paintings of Indians moving against raw and powerful landscapes, is "one of the most expensive artists per square inch," Mr. Frost says. A Farny gouache can sell today for $500,000, twice what it would fetch in 1975.

Demand has also grown apace for the cast bronze sculpture common to the era: Works by Remington or A.P. Proctor have more than tripled in price since 1975.



'Two Champs'

This statue by Harry Jackson brought $17,050 at a Sotheby's auction.

Although current prices have levelled off or, in some cases, fallen, the market for Western art remains lively. In auctions last spring at Sotheby's and Christie's, the two largest international auction houses, prices paid for Western art achieved and, in many cases, exceeded their estimated worth.

Jay Cantor, director of American Painting at Christie's, estimates that about half of every 100 American paintings sold for prices in excess of $300,000 have Western subjects.

Despite such popularity, however, Western art remains a tricky market for collectors. In general, experts say a painting that depicts a cowboy or an Indian in a Western scene will fetch a higher price than a landscape. But they caution that many buyers are sticklers for accuracy, from the breed of horse a rancher could be riding to the kinds of beads and feathers on an Indian costume. Similar criteria are applied to sculpture. According to experts, this dimension of Western art stems in part from its journalistic origins.

"It's a very complicated, very literal market," acknowledged Mr. Cantor. "Some buyers look for a Plains Indian as opposed to a Sioux or a Comanche. There's a great deal of regional appeal."

More difficult for investors to determine are such artistic determinants as style, technique and medium, and the relative quality of works by the same artist. Individuals may have to depend on an expert or track recent auction performances of works by a particular artist to gauge the potential for appreciation.

There are many schools of artists who fall into the Western-art category. Romanticists, such as Albert Bierstadt and Thomas Moran, departed from peopled and pictorial realism to paint expansive, intangible panoramas of subjects like Yosemite National Park or Great Plains plateaus. Major works by these and earlier 19th-century artists, including Alfred Jacob Miller and George Caitlin, sell for up to $600,000. A small, early Moran watercolor sold at Christie's last auction for $120,000.

Not surprisingly, the success of Western art has been matched by a growing number of "Western" artists. There are an estimated 5,000 contemporary Western artists working today.

From their still evolving ranks, an elite few can command prices of $100,000 and more. They include William Acheff, known for his photorealistic still lifes of period artifacts, and Tom Lovell, who paints old Western scenes based on extensive research. And artists such as Howard Terpening, John Clymer and Frank McCarthy capture on canvas today's still rugged world of cowboy camps and oil rigs. □

Weekly International Bond Prices

Prices may vary according to market conditions and other factors.

(Continued from Page 6)

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
$ 125	A1 Revlon Intl Fino	%	99	103½	10.07		10.43
$ 40	Ba1 Reynolds Metals	%	98	106½	12.02		15.49
$ 100	Aa1 Reynolds RJ O/s	%	98	105	11.17		12.14
$ 20	A1 Richardson-Merre	%	98	100½	7.39	7.49	8.71
$ 125	A1 Richardson-Vicks	%	99	102	11.11		11.27
$ 100	Rockefeller Grou	%	98	106¼	11.20		12.47
$ 30	Santa Fe Intl	%	98	100	9.49	9.50	9.50
$ 20	Aa2 Scott Paper O/s	%	98	99⅞	9.82	9.82	8.77
$ 100	Aa2 Sears O/s Financ	%	98	105¾	11.37		13.12
$ 125	Aa2 Sears O/s Financ	%	98	104½	9.83		11.08
$ 50	Aa2 Sears O/s Financ	%	98	103¾	9.91		10.84
$ 150	Aa2 Sears O/s Financ	%	97	106½	10.01		10.92
$ 150	Aa2 Sears O/s Financ	%	99	101½	10.15		10.34
$ 150	Aa2 Sears O/s Financ	%	97	104¾	10.35		10.89
Y 12500	Aa2 Sears Roebuck Co	%	99	102	6.47		6.74
$ 100	Aaa Security Pacif N	%	99	101½	9.23		10.22
$ 100	Security Pacif N	%	98	105	9.92		11.19
$ 100	Aa2 Security Pacif O	%	98	102⅛	9.63		10.28
$ 100	Aa2 Security Pacif O	%	99	105½	10.77		11.37
$ 100	A2 Shearson Americ	%	99	104	11.35		11.66
$ 125	A1 Signal Companies	%	99	103½	10.95		11.35
$ 75	Aaa Security For Savi	%	99	102	10.49		11.04
$ 100	Baa Sears Finance	%	99	101	10.91		11.01
$ 50	Aa3 South Californ E	%	98	107	11.93		12.79
$ 75	Aa3 South Californ E	%	98	107¼	12.44		13.99
$ 75	Aa3 South Californ E	%	99	100½	10.24		10.45
$ 75	Aa3 South Californ E	%	99	101	10.45		11.86
$ 100	South Californ E	%	99	101½	10.67		10.84
$ 50	A2 South Californ G	%	98	107	12.45		13.79
$ 60	A2 South Californ G	%	99	106¼	11.28		12.00
$ 60	A1 South Carolina E	%	98	105¾	13.57		14.73
$ 100	A3 Sperry Curacao	%	98	107¼	12.87		13.99
$ 75	S1 Paul O/s Fina	%	98	102¾	10.42		11.56
$ 30	Aaa Standard Oil Ind	%	98	97½	9.45	9.73	8.72
$ 35	Aaa Standard Oil Ind	%	98	97	9.41	9.78	8.63
$ 150	A1 Standard Oil Ohi	%	98	101	10.10		10.40
$ 25	Sundstrand Finan	%	98	95½	9.43	9.43	8.89
$ 125	Aa3 Superior O/s Fin	%	98	105¾	12.85		13.24
$ 100	Aa3 Superior O/s Fin	%	99	102	10.57		10.78
$ 15	Baa3 Syntex O/s Capit	%	98	95	9.30	9.77	8.36
$ 150	A2 Tenneco Corp	%	98	103⅛	10.14		11.88
$ 150	Tenneco Corp	%	97	101	10.58		10.64
$ 100	A2 Tenneco Intl	%	98	96½	9.87		8.03
$ 30	A2 Tenneco Intl	%	98	105	11.87		14.05
$ 30	A3 Tenneco Intl	%	98	96½	9.46	9.87	8.83
$ 100	A2 Tenneco Intl	%	98	109¾	14.06		15.63

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	Canadian Imperia	%	98	101	6.59		6.93
dm 100	Export Develop C	%	97	101¼	6.58		6.79
dm 100	Manitoba Hydro-E	%	98	101	6.17	6.00	6.68
dm 200	Manitoba Provinc	%	97	103½	6.78		7.13
dm 200	Manitoba Provinc	%	97	103½	7.11		7.38
dm 100	Montreal City	%	98	101¼	7.28	7.28	8.47
dm 150	Montreal City	%	98	100¼	6.66	6.83	6.98
dm 100	Montreal City	%	98	102	6.37	6.00	6.86
dm 100	Montreal City	%	99	99	6.17	6.30	6.86
dm 100	Montreal City	%	99	99½	6.83	6.87	6.78
dm 80	New Brunswick Pr	%	98	99½	6.97	7.12	6.78
dm 80	Newfoundland Pro	%	98	101	6.98	6.86	7.92
dm 100	Newfoundland Pro	%	98	101	6.25	5.91	6.68
dm 100	Newfoundland Pro	%	98	100½	6.88	6.81	6.45
dm 100	Nova Scotia Powe	%	98	100¾	6.92	6.87	6.95
dm 100	Nova Scotia Prov	%	98	100½	7.31	7.14	7.71
dm 100	Ontario Hydro-El	%	98	101¼	6.50	6.83	7.41
dm 100	Ontario Hydro-El	%	98	102¼	5.22	4.78	6.36
dm 100	Ontario Hydro-El	%	98	100½	6.27	6.14	6.47
dm 100	Ontario Province	%	98	100	5.99	5.98	6.00
dm 100	Quebec Hydro	%	98	105	5.99		7.14
dm 150	Quebec Hydro	%	99	114	7.41		8.99
dm 200	Quebec Hydro	%	99	105¾	7.07		7.60
dm 100	Quebec Hydro	%	99	103½	7.19		7.49
dm 200	Quebec Hydro	%	99	100	7.12		7.15
dm 100	Quebec Hydro-Ele	%	98	100½	7.50	7.18	7.98
dm 100	Quebec Hydro-Ele	%	98	101	5.86	5.61	6.43
dm 200	Quebec Hydro-Ele	%	98	100¾	6.36		6.45
dm 150	Quebec Hydro-Ele	%	98	100½	6.17		6.22
dm 100	Quebec Hydro-Ele	%	98	100½	6.27	6.14	6.47
dm 150	Quebec Province	%	98	102¼	5.93		7.33
dm 150	Quebec Province	%	98	102	6.10		7.11
dm 100	Quebec Province	%	98	101	5.95	5.73	6.44
dm 150	Quebec Province	%	99	99¼	6.18	6.29	6.04
dm 200	Quebec Province	%	99	102¼	6.90		7.33
dm 150	Quebec Province	%	99	115	7.60		9.23
dm 150	Quebec Province	%	99	112¾	7.59		8.87
dm 200	Quebec Province	%	99	103½	7.10		7.35
dm 100	Royal Bank Of Ca	%	99	102¾	7.20		7.30

CHINA

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 150	Bank Of China	%	99	98¾	7.22		[illegible]

DENMARK

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 100	Aa Denmark	%	98	101	5.95		[illegible]
dm 100	Aa Denmark	%	98	102¼	5.93		[illegible]
dm 100	Aa Denmark	%	98	108	6.72	6.71	[illegible]
dm 100	Aa Denmark	%	98	99½	6.63		[illegible]

(Further tables under the headings FINLAND, FRANCE, GERMANY, ICELAND, IRELAND, ITALY, JAPAN, LUXEMBOURG, MEXICO, MISCELLANEOUS, NETHERLANDS, NEW ZEALAND, NORWAY, PORTUGAL, SOUTH AFRICA, SOUTH AMERICA, SPAIN, SUPRANATIONAL, SWEDEN, SWITZERLAND, UNITED KINGDOM, UNITED STATES AMERICA; FOREIGN-TARGETED BONDS OF THE US TREASURY AND OF ITS AGENCIES; DM STRAIGHT BONDS: AUSTRALIA, AUSTRIA, BELGIUM, CANADA.)

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 200	In Antilles						
dm 100	ITT Corporation	%	99	100¾	6.79		6.95
dm 100	Aa2 Mcdonalds Financ	%	99	106¾	7.11		7.76
dm 100	Aa2 Mcdonalds Financ	%	99	102¾	6.44		6.93
dm 100	Aa2 Mcdonalds Financ	%	98	104	7.13		7.45
dm 150	Baa3 Occidental Intl	%	99	98¾	7.02	7.20	6.84
dm 250	Aa2 Pepsico O/s Fina	%	99	104	6.42		6.97
dm 150	A1 Philip Morris In	%	98	106⅛	7.42		8.14
dm 100	A1 Philip Morris In	%	99	106	6.74		7.78
dm 100	A1 Philip Morris In	%	99	104½	6.47		7.18
dm 125	Aa1 Reynolds RJ O/s	%	99	102¾	6.93		7.30
dm 150	Sperry Curacao	%	99	104½	7.38		7.46
dm 250	Aa1 Sterling-Winthro	%	99	102½	6.88		7.08
dm 100	Aaa Sun Intl Finance	%	98	101½	6.94	6.53	7.39
dm 100	Tenneco Intl	%	99	110¾	7.81		8.47
dm 100	United Technolog	%	99	102½	6.74		7.00
dm 100	Aa2 United Technolog	%	99	104½	6.85		7.33
dm 50	A1 Wells Fargo Intl	%	98	100½	11.81	23.41	1.48

Explanation of Symbols

CN$	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
£	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NMD	Norwegian Kroner - DM		

Chicago Exchange Options

Figures as of close of trading Friday.

Option & price	Calls		Puts	
	Jul	Oct	Jul	Oct

EUROBONDS

Interest Rate Optimism Benefits Bond Market

By KENNETH N. GILPIN
International Herald Tribune

NEW YORK — New evidence of additional softness in the U.S. economy has prompted participants in the Eurocurrency markets to predict that the current decline in interest rates has not yet run its course, and that yield levels, which have declined significantly in recent *months, may fall further.*

"The key question at the moment is whether or not there will be further declines in American interest rates," *said* Graham Bishop, a vice president and economist at Salomon Bros. International in London.

Sentiment that U.S. interest rates may indeed ease a bit more was strengthened by a report *from the* Labor Department on Friday containing evidence of continued weakness among American manufacturers. *The* report, which triggered a rally in both New York and London after its release, *came just days* before members of the Federal Reserve Board's Open Market Committee are scheduled to meet in Washington.

A cut in the Fed's discount rate from 7½-percent following *that meeting*, an event traders on both sides of the Atlantic had thought unlikely a few days ago, suddenly appears more plausible.

In its report, the Labor Department said that 45,000 *factory jobs were lost* during the month of June, a figure that brings the total number of manufacturing jobs lost since January to 220,000.

Eurobond Yields
For Week Ended July 3

U.S.$ lg term, Int'l inst.	10.63 %
U.S.$ long term, ind.	11.04 %
U.S.$ medium term, ind.	10.45 %
Can.$ medium term	11.03 %
French Fr. short term	12.28 %
Sterling medium term	11.07 %
Yen medium term, Int'l inst.	6.86 %
Yen lg term, Int'l inst.	6.93 %
ECU short term	8.87 %
ECU medium term	9.41 %
ECU long term	9.53 %
EUA long term	9.06 %
LuxF med term Int'l inst.	9.75 %
LuxF medium term	9.42 %

Calculated by the Luxembourg Stock Exchange.

Market Turnover
For Week Ended July 5
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	18,399.80	14,023.40	4,376.40
Euroclear	35,610.30	32,340.50	3,269.80

"The signs from New York are basically positive for the credit markets, and I think we could see some more supply next week," said John W. Murphy, syndicate manager for Bankers Trust Co. in London.

Signs from Vienna that the Organization of Petroleum Exporting Countries might not be able to prevent a $1- to $2-decline in the price of Saudi crude, *to about $25 a barrel, reinforced the* view favoring lower interest rates.

"OPEC is looking like they are trying to get away from the meeting with no cut in the oil price," said Mr. Bishop of Salomon Brothers. "We don't think that will happen."

JOAN Beck, executive director of the new-issue department at *Credit Suisse First Boston, said* that "if there is a break in oil prices or more negative news on the American economy, we could see yields on five-year issues for high quality borrowers drop as low as 9¼ percent. But we are not there yet."

The optimistic tone that emerged on Friday capped what had been a generally quiet, holiday-filled week in the Eurobond market.

"*The second week of Wimbledon, the Fourth of July holiday* and the Bruce Springsteen concert have kept things pretty slow," one trader commented.

A number of sizeable issues were priced, however, and in spite of the decline in yields a few syndication managers said that some investors were showing resistance to issues carrying coupons of less than 10 percent.

Most notable among those issues was the early response to a $150-million offering on Thursday from Metropolitan Life Insurance Co., the second-largest insurance company in the United States.

The 7-year issue, which carries a coupon of 9⅞ percent, was launched by investment bankers at Credit Suisse First Boston. The offering was priced at par and carries a Triple-A rating, but by the end of the week it had slumped to a price of *97.25*.

Better-known borrowers in the Eurodollar straight market had more success, including the European Community, the World Bank and Swiss Bank Corp., all of whom priced offerings last week.

Bankers Trust led the $350-million, 4-year-11-month EC offering, which carries a 9⅝-percent coupon and was priced at 99.75. By the end of the week the issue had closed at a price of 98.45.

The World Bank's offering of $300-million worth of 10-year, 10⅛-percent bonds was well received, according to traders. The

(Continued on Page 15, Col. 1)

Industry Slump in U.S. Seen

Purchasers Warn Of Downturn

The Associated Press

NEW YORK — The National Association of Purchasing Management said Sunday that an industrial slump continued in the United States in June, with production, manufacturer's inventories and prices falling, and it warned that "the economy definitely has problems."

The group said in a report that its composite index declined to 46.7 *percent in June from 47.3 percent* in each of the previous two months, and was at its lowest level since December 1982, when the economy was just beginning to recover from a severe recession. The seasonally adjusted index has been below 50 percent since February.

The group's monthly reports are among the earliest indicators each month of the health of the U.S. manufacturing economy.

A reading below 50 percent generally indicates that the economy is in a declining phase while a reading above 50 percent is a signal of expansion, according to the group, which represents executives who purchase raw materials and other supplies for U.S. industry.

"The economy definitely has problems based on the information we are receiving from our members," said Robert J. Bretz, director of purchasing for Pitney Bowes Inc. and chairman of the purchasing agents' business survey committee. "The continuing decline of the Purchasing Managers Index and the weakness exhibited in production, inventories, prices and vendor deliveries are of serious concern."

The report for June said production fell to its lowest level since December 1984, reflecting a sharp decline in new orders the previous month. "Production levels are now at a point where they are no longer growing," the report said.

The speed at which suppliers delivered orders also improved in June, an indication that demand was not heavy enough to cause backlogs. Thirteen percent of the managers surveyed said that deliveries from vendors were faster in June, nearly three *times* those reporting slower delivery.

Only 9 percent of the managers surveyed in June reported inventories were higher than in May.

U.S. Tire Makers No Longer Serve All

But Wisest Ones Have Stuck With Detroit Market

By Daniel F. Cuff
New York Times Service

NEW YORK — The U.S. tire industry was once all things to all people.

The major companies found open markets for their tires in Detroit, in the replacement sector and abroad. They owned tire-shop chains and ran auto service centers.

*But the events of the past de*cade have changed all that. Escalating gasoline prices brought less driving, lower speeds and smaller cars, and the demand for tires slowed. As the radial tire became popular and imports grew, the business turned fiercely competitive.

Since 1975, 25 tire plants have closed in the United States. Tires imported by wholesalers from Japan, Korea, Brazil and Canada for sale at discount houses, which represented just 5 percent of the replacement market for radials 10 years ago, now make up 31 percent.

In their struggle to adjust, domestic tire companies abandoned entire market areas that had proved too costly to defend and tried to carve out niches.

B.F. Goodrich Co. dropped out of the original-equipment market in 1981 to stress the more profitable radial performance tires in the replacement market.

Firestone Tire & Rubber Co. emphasized original equipment and retail service, and Uniroyal Inc. concentrated on original equipment.

Gencorp Inc., formerly General Tire & Rubber Co., turned *to the original-equipment* and private-brands market, although like Goodyear it has maintained full tire lines.

"One company's potential is another company's bane," said

(Continued on Page 17, Col. 6)

Japan Fears Trade Crisis With U.S.

By Hobart Rowen
Washington Post Service

TOKYO — There is growing concern among government officials here that Japan may be headed for a showdown with the United States over trade later this year.

Despite objections from the Reagan administration, it now seems probable that the U.S. Congress will pass some kind of anti-Japanese legislation this year or early in 1986. "We might face a very critical *situation in the fall when Congress* comes back to Washington," said Reishi Tejima, deputy foreign affairs minister.

A particular irritant to Congress is the $36.8-billion trade deficit the United States ran up with Japan last year. This imbalance, which may grow to $45 billion to $50 billion this year, has drawn calls from Democrats and Republicans alike in the U.S. House and Senate for unilateral reaction to force a reduction.

It is also clear to key officials in Tokyo that none of the main economic trends causing friction between the two nations — Japan's

NEWS ANALYSIS

trade surplus, its booming capital exports, its high savings rate, the U.S. budget deficit and the overvalued *dollar — is likely to be significantly* altered in the short run.

Congressional calls in the United States for legislation to force a reduction in Japan's trade surplus are seen by many government officials in both countries as simplistic.

"It's not that *simple*," Chairman Paul A. Volcker of the Federal Reserve Board said in a recent speech. "The trade imbalance reflects in significant part a massive imbalance in our own policy posture. Unless we deal with that underlying imbalance, a basic force driving the poor trade performance will be left unchecked."

In essence, the U.S. deficit with Japan is only one piece of a global trade deficit that hit a record $123 billion in 1984, and which may grow to $140 billion this year, threatening survival of key sectors of U.S. industry.

The U.S. trade representative, Clayton K. Yeutter, told Congress a few days ago that most of the U.S. trade-deficit problem is caused by an overvalued dollar that sucks in imports from all other nations, including Japan.

A common view in Tokyo is that

(Continued on Page 15, Col. 4)

OPEC Ministers Unable to Agree On New Strategy

The Associated Press

VIENNA — An OPEC meeting seeking to find a new strategy for propping up world oil prices collapsed Sunday after oil ministers *failed to agree on actions* to end the price slide, the group's president said.

Oil Minister Subroto of Indonesia told reporters after the meeting that ministers would meet again July 22 in Geneva.

He said the meeting had reached a "consensus" to end all cheating on OPEC pricing rules.

Ministers of the 13 countries that make up the Organization of Petroleum Exporting Countries, meeting for a third straight day here, also vowed on Sunday to preserve the price structure for crude oil, based on $28 a barrel for Saudi light.

Any decision made by OPEC must be unanimous to be binding on members.

As the meeting got under way in a Vienna hotel, the Venezuelan delegate said world oil prices were on the brink of a major decline.

Arturo Hernández Grisanti, oil minister of Venezuela, issued a public plea for the oil-importing nations to help OPEC in its battle to stabilize oil prices.

During the three-hour opening session Sunday, the ministers agreed in principle to a more flexible method of limiting their overall oil production, said Mr. Subroto, who is president of the oil producers' cartel.

An evening session was arranged to work out details of the plan.

The Vienna meeting was officially a consultative conference, and cannot make binding decisions. However, the ministers could vote at any time to hold a ministerial *conference, which would be em*powered to make decisions.

The plan, as described by Mr. Subroto, would involve a formula for automatically raising or lowering the group's production ceiling, now 16 million barrels a day, according to seasonal changes in demand for OPEC-produced petroleum.

The rationale for limiting production is to prevent an oil glut *from pushing down world prices.* Under current practice, OPEC's production ceiling is static, although it has been changed a few times when OPEC ministers felt that was the best way to prevent a price collapse.

One benefit of an automatically adjusted production ceiling would be a lessening of internal OPEC tensions over how to reapportion individual quotas if a change in the *ceiling were deemed necessary*.

Mr. Subroto said that by Sunday afternoon the ministers had not yet decided how far the ceiling would be adjusted above or below the current level of 16 million barrels.

Even though current OPEC production is estimated to be as much as 1.5 million barrels a day below the ceiling, the cartel is under pressure to cut prices.

Oil prices in the free market, over *which OPEC has no control,* are about $1 a barrel below official OPEC rates.

Mexico Reported to Plan Price Cut

The Associated Press

MEXICO CITY — Mexico is expected to announce soon that it is reducing the price of its top-grade light Isthmus crude oil in the face of a glutted world market, according to government sources.

A reduction would likely aggravate further Mexico's financial woes and would make it more difficult for OPEC to hold the line on prices. Last month, Mexico cut its price for heavy Maya crude by $1.50 per barrel to $24, but it held prices steady on its light oil.

The government sources, who spoke Friday on condition they not be identified, did not say how much the price might be cut.

Mexico's price for Isthmus oil was lowered to the current $27.75 a barrel from $29 in February following a decision by the Organization of Petroleum Exporting Countries to reduce its high-grade Arabian *Light oil by $1 to $28 a barrel.*

Mexico is not an OPEC member but it often follows the cartel's *pricing strategy and Mexico's energy secretary, Francisco Labastida* Ochoa, is an observer at OPEC's Vienna meeting.

Montedison is Reported To Take Over Bi-Invest

Compiled by Our Staff From Dispatches

MILAN — Montedison SpA, the Italian chemical group, reportedly has taken control of the finance group Bi-Invest, one of Italy's largest holding companies.

The takeover was reported Sat*urday in several Italian newspa*pers, including Il Messaggero, La Repubblica, Il Tempo and La Stampa.

The newspapers said the takeover was carried out by a Montedison subsidiary, Iniziativa Meta, *which on Thursday bought 35 to 38* percent of the Bi-Invest shares for about 200 billion lire ($103 million).

None of the parties involved confirmed the reports.

Rumors of a takeover battle between a mystery buyer and the Bonomi family, believed to control about 30 percent of Bi-Invest shares, circulated in Milan last week, climaxing Friday with hectic *trading in Bi-Invest stock. Shares* plummeted Friday on the Milan Stock Exchange to 6,005 lire after trading Thursday for as much as 10,200 lire.

Francesco Micheli, a director of a Milan auction house, said last week that he was the agent for an anonymous group that had built up an estimated 38-percent share in Bi-Invest for about 200 billion lire.

Mario Schimberni, Montedison's chairman *and the man credit*ed with reviving the ailing chemicals group, is scheduled to meet Monday with the president of the Milan stock market monitoring body.

Contested company takeovers are highly unusual in Italy, where major company acquisitions usually are negotiated behind closed doors between the parties concerned.

Bi-Invest has a wide range of business holdings, including a 25-percent stake in a large insurance company, Fondiaria Compagnia di Assicurazioni e Reassicurazioni SpA, and a 14.74-percent holding in Gemina SpA, an industrial investment company that holds a 17-percent stake in Montedison.

Brokers said that Friday's share price drop apparently started after an agent on Thursday placed an *order for seven million Bi-Invest* shares, out of a total of around 100 million in circulation, then immediately canceled it.

A spokeswoman for the Bonomi family strongly denied that the Milanese family had anything to do with the order.

But Reuters quoted sources involved in the takeover bid as saying that they were convinced that either the family or their allies were *involved*.

"It was a case of the air force mistaking its infantry for the enemy and bombing them," said one source, who asked not to be named. "They canceled the order at the last minute when they discovered we were not in the market."

The Bonomis will ask shareholders at a July 22 meeting to approve use of company funds to repurchase Bi-Invest shares.

Montedison, which produces plastics and pharmaceuticals, was in financial trouble for almost a decade, posting losses of about $650 million in each of the past two years. But its fortunes have changed under a new management team and it reportedly came close to breaking even in 1984.

(Reuters, AFP)

Manila Bank Put in Receivership

Reuters

MANILA — Pacific Banking Corp., a Philippine commercial bank beseiged by a run on its deposits, has been put into receivership, the nation's central bank said Sunday.

The central bank, which has advanced millions of pesos to Pacific Banking this year, said that several attempts to revitalize the Manila-based bank had failed and that its continued operation would adversely affect depositors. The receivership went into effect on Friday.

The Philippines News Agency said the Bank of Hawaii had proposed a buy-out, but talks with Pacific Banking apparently had failed.

At the end of last year, Pacific Banking was ranked 21st among the 34 commercial banks in the Philippines, with assets totaling 4.4 billion pesos ($238 million) and deposits of 3 billion pesos.

The central bank said it had 60 days in which to decide whether Pacific Banking should be permitted to resume business or liquidated.

Two other banks — Philippine Veterans Bank and Banco Filipino *Mortgage & Savings Bank — have been put in receivership in the past* year.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States

	Last Wk.	Prev. Wk.	Ch'ge
DJ Indus.	1333.33	1334.12	—0.06 %
DJ Util.	166.29	164.19	+1.28 %
DJ Trans.	678.49	663.51	+2.26 %
S & P 100	185.84	185.39	+0.24 %
S & P 500	192.52	191.76	+0.40 %
NYSE Co.	111.67	111.06	+0.55 %

Source: Prudential/Bache Securities.

Britain

FTSE 100	1260.20	1234.90	+2.05 %
FT 30	957.20	938.60	+1.98 %

Hong Kong

Hang Seng	1570.35	1570.60	Unch. %

Japan

Nikkei D.J.	12963.35	12882.09	+0.63 %

West Germany

Commerzbk	1486.20	1425.50	+4.23 %

Source: James Capel & Co. London.

Money Rates

United States

	Last Wk.	Prev. Wk.
Discount rate	7½	7½
Federal funds rate	7⅝	7⅝
Prime rate	9½	9½
Japan		
Discount	5	5
Call money	6¼	6¼
60-day interbank	6¼	6¼
West Germany		
Lombard	6.00	6.00
Overnight	5⅝	5.50
1-month interbank	5⅝	5⅝
Britain		
Bank base rate	12½	12½
Call money	12¾	12¾
3-month interbank	12½	12½

Dollar

	Last Wk.	Prev. Wk.	Ch'ge
Bk Engl Index	143.10	143.70	—0.42 %

Gold

London p.m. fix. $	312.00	318.00	—5.75 %

Rates and gold data from Citibank & from James Capel.

Currency Rates

Cross Rates

July 5

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	3.419	4.581	112.67 *	37.005 *	0.1769 *	—	5.593 *	134.58 *	137.97 y
Brussels(a)	61.155	80.4875	20.1475	6.6155	3.1618 *	17.90	—	24.06	24.678 *
Frankfurt	3.0352	3.998	—	32.845 *	1.5685 x	88.75 *	4.982 *	119.365 *	1.2345 *
London (b)	1.3073	—	3.9903	12.1445	2,542.00	4.492	80.43	3.3413	327.80
Milan	1,934.60	2,545.80	637.40	209.25	—	565.69	31.629	760.52	7.805
New York(c)	—	0.7482 x	2.9965	9.1275	1,971.00	3.383	60.45	2.506	246.85
Paris	9.34	12.177	3.0446	—	4.7795 x	2.702	15.114 *	3.636	3.73 *
Tokyo	247.80	325.98	81.70	26.85	12.81 *	72.48	405.76 *	97.55	—
Zurich	2.5265	3.356	83.82 *	27.53 *	0.1315 *	74.42 *	4.1659 *	—	1.0225 *
1 ECU	0.7422	0.5638	2.2522	6.8566	1,435.44	2.5376	45.3714	1.8845	183.772
1 SDR	1.00347	0.76072	3.0427	9.26282	1,939.58	3.4274	61.3061	2.5485	248.342

Closings in London and Zurich, fixings in other European centers. New York rates at 4 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000 N.Q.: not quoted; N.A.: not available. (=) To buy one pound: $U.S.1.3345

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Arben. austral	0.80	Fin. markka	6.305	Malay. ring.	2.4925	S. Kor. won	876.30
Austral. $	1.4827	Greek drac.	135.35	Mex. peso	313.00	Span. peseta	173.00
Austr. schil.	21.27	Hong Kong $	7.769	Norw. krone	8.7225	Swed. krona	8.69
Belg. fin. fr.	62.28	Indian rupee	12.30	Phil. peso	18.42	Taiwan $	40.00
Brazil cruz.	5,940.00	Indo. rupiah	1,119.00	Port. escudo	173.00	Thai baht	27.315
Canadian $	1.357	Irish £	0.9667	Saudi riyal	3.6525	Turkish lira	533.50
Danish krone	10.88	Israeli shek.	1,231.20	Sing. $	2.232	U.A.E. dirham	3.6725
Egypt. pound	0.7692	Kuwaiti dinar	0.303	S. Afr. rand	1.9743	Venez. boliv.	14.80

£ Sterling: 1.2739 Irish £

Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham). Other data from Reuters and AP.

To Our Readers

Statistical data on recent bond issues, convertible bonds and zero-coupon bonds are missing today because of technical problems. We regret the inconvenience to readers.

NASDAQ National Market

Consolidated trading for week ended Friday.

New Eurobond Issues

Compiled by Nicole Baruch

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
BAII	$100	1997	¼	100	—	Over 6-month Libor. Callable at par after 1988 and redeemable at par after 1992 and 1995. Fees 50%. Denominations $10,000.
Banco di Napoli Int'l	$150	1997	1/16	100	99.50	Over 6-month Libor. Callable at par after 1996. Fees 0.29%. Denominations $10,000.
Bergen Bank	$75	1997	¼	100	99.15	Over 6-month Libid, set monthly, maximum 12⅜%. Callable at par after 1995. Borrower's option to classify issue as a subordinated debt. Fees 0.875%. Denominations $5,000 and $250,000.
Korea Exchange Bank	$150	1995	¼	100	99.88	Over 6-month Libor. Callable at par in 1990. Redeemable at par after 1990 and 1992. Fees 1⅛%. Denominations $50,000.
Yokohama Asia	$100	1997	⅜	100	99.10	Over 3-month Libid, maximum 12⅜%. Noncallable. Fees 0.78%. Denominations $10,000.
FIXED-COUPON						
Associated Corp of North America	$100	1992	10½	100	98.12	Callable at 101 after 1991.
Chugoku Electric Power	$50	1992	10	101	99.25	Noncallable.
Citicorp	$200	1995	10⅝	100	98.12	Callable at par after 1990.
European Community	$350	1990	9⅝	99¾	98.45	Callable at 102 after 1988.
Kyowa Finance	$100	1992	10½	100½	98.75	Noncallable.
Met Life Funding	$150	1992	9⅝	100	97.25	Callable at 101 after 1990.
SBC Finance	$100	1995	10	100	99.32	Noncallable.
State Bank of South Australia	$100	1992	10¼	100	98.88	Noncallable.
Westlb Finance N.V. Curacao	$100	1992	10⅛	100	98.00	Noncallable.
World Bank	$300	1995	10⅛	99½	98.38	Noncallable.
Export Development Corp.	DM150	1993	7½	100	—	Redemption value is $55 million, or $1,100 for each DM3,000.
World Bank	DM600	1995	7	99½	—	Noncallable.
CCF	ECU85	1995	9¼	100	99.62	Callable at 101½ in 1992.
Daikyo Kanko	ECU40	1992	8⅝	100⅝	—	Noncallable.
SAS	ECU100	1995	9	100	98.87	
Walt Disney Productions	ECU80	1995	9⅛	100¼	100.63	Noncallable. Sinking fund to start in 1991 to produce an 8-yr average life.
United Technologies Corp.	DF100	1990	7	100	—	Noncallable, private placement.
ANZ Banking Group	Aus$70	1990	12¾	100⅛	—	Noncallable.
Cooperative Bulk Handling	Aus$25	1992	13½	100	—	Noncallable.
CRA Finance	Aus$50	1991	13⅛	100½	—	Noncallable.
New South Wales Treasury Corp.	Aus$75	1992	12⅝	100⅛	—	Noncallable.
SBC Australia	Aus$14	1990	12½	100	—	Noncallable.
South Australian Government Financing Authority	Aus$50	1991	12⅝	100¼	—	Noncallable.
Toronto Dominion Bank	NZ$60	1988	16⅛	100	—	Noncallable.
EQUITY-LINKED						
Mitsubishi Bank	$100	2000	open	100	107.00	Coupon indicated at 3%. Noncallable. Convertible at an expected 5% premium. Terms to be set July 9.
Sumitomo Bank	$120	2000	open	100	107.25	Coupon indicated at 2⅞%. Callable at 103 in 1990. Convertible at an expected 5% premium. Terms to be set July 11.
Trio-Kenwood	$35	1995	3¼	100	97.00	Callable at 104 in 1988. Convertible at 767 yen per share and at 249.10 yen per dollar.
Compagnie Générale des Etablissements Michelin	FF500	2000	open	100	—	Coupon indicated at 7-7½%. Redeemable at par in 1990 for a 10½-10⅝% yield. Convertible at an expected 20-25%. Terms to be set July 8.

Phillips Fights to Contain Gradual Sinking of North Sea Rigs

By Barnaby J. Feder
New York Times Service

STAVANGER, Norway — Last November, just before executives at the Oklahoma headquarters of Phillips Petroleum Co. became preoccupied with fighting off a takeover attempt led by T. Boone Pickens, they got some bad news from company officials responsible for operating the Ekofisk field in the North Sea southwest of here.

Ekofisk Center, the 250,000-ton concrete platform that is nearly twice as tall as the Statue of Liberty and is the operational heart of the field, seemed to be sinking. Further investigation confirmed that the seabed was subsiding as the reservoirs below it were depleted, pulling the center and nearby platforms ever closer to the predicted reach of freak waves.

Subsidence is a common problem for oil companies exploiting shallow fields, but nothing had prepared Phillips and its partners for such a development at Ekofisk, where oil and gas is produced from two reservoirs nearly two miles (3.2 kilometers) deep.

No one knows what the final cost of handling Ekofisk's subsidence problems will be, or exactly what alterations to production the solutions might entail. That is making oil industry analysts, Ekofisk customers, and the Norwegian government nervous.

"It's the most interesting, challenging problem I've run into," said Michael H. McConnell, a 30-year industry veteran who is vice president in charge of operations at Ekofisk for Phillips, which is based in Bartlesville, Oklahoma.

Phillips, which owns 37 percent of Ekofisk, is already committed to safety investments in the platforms that will cost $150 million by the end of 1986. These include fitting rounded surfaces to exposed I-beams, which could reduce the force of waves hitting them by 50 percent, and moving equipment and controls to upper decks on the platforms where the problem is most pressing.

A different tack is being studied by Norsk Hydro AS, a 6.7-percent partner in the field, which believes it can reduce the height of waves in the area up to 30 percent by sinking disused oil tankers or other structures in their path.

Phillips hopes that water and gas injections programs intended to keep pressure up in order to allow more gas and oil to be recovered will also stop the subsidence. But the $1.5-billion water injection project under construction will not be onstream until 1987 and gas injection, which is considered technically more appropriate for the upper reservoir, could force a reduction in sales.

Sales might also be affected by a reduction of output to slow the rate at which the reservoir is being drained until the injection plans are ready.

Ekofisk Center has sunk about 8 feet and the platforms further from the center of the field somewhat less. All are still estimated to be safe from a wave that is statistically likely once in a century — the general design standard used offshore — but the margin is uncomfortably slim.

To calculate the rate of subsidence, Phillips is using models developed by Royal Dutch/Shell Group for its Groningen gas fields in the Netherlands, a variety of sophisticated sensors, and satellite observations.

The other major partners in Ekofisk, in addition to Norsk Hydro and Phillips, are the Norwegian subsidiaries of Petrofina SA (30 percent), Agip SpA (13 percent), Elf Aquitaine (8 percent) and Total Marine (4 percent).

Also concerned are companies that have planned to rely on Ekofisk as the center of a pipeline transportation network delivering North Sea oil and gas to Teesside, England, and gas to Emden, West Germany. "Greater Ekofisk" includes several fields with a total of 28 platforms, four times the number on Ekofisk itself. Fields further north, including Heimdal and Statfjord, have just been tied to Ekofisk via Norpipe, a 50-50 joint venture between Phillips and Statoil, Norway's state oil company, that is to come on stream this autumn.

Phillips has maintained that no shutdown of production or the transport system is needed. However, gas consumers in Europe have been formally warned that Phillips may seek to renegotiate its gas delivery commitments if the rate of production must be slowed or gas used for reinjection to maintain pressure in the reservoirs.

The gas utilities want to make sure that they get as much Ekofisk gas as they have contracted for because it is one of their cheapest sources. Phillips and its partners do not want to have supply obligations that could only be met by buying costly outside supplies for resale at Ekofisk prices.

The Norwegian government is sponsoring independent studies of the problems through its Oil Directorate in Stavanger. Ekofisk accounts for half of Norway's oil and gas production, even though production peaked in 1980. It provided the government with $2.3 billion in revenues last year.

That tax load reflects marginal taxes of over 85 percent. For Phillips, the figure means that a similar percentage of the cost of managing Ekofisk's subsidence problem will actually be borne by the government.

Japan Fears Trade Crisis With U.S.

(Continued from Page 13)

until the yen — 246.85 to the dollar late Friday — appreciates to around 200 to the dollar, Japan will continue to run a big trade surplus with the United States.

Officials in Tokyo say that to blame Japan for the difficulties of the United States, or to believe that the problem can be solved by greater "access" to Japanese markets, is to lose sight of the more basic problem.

At the same time, Japan is enjoying its global surpluses in part because Japanese companies work efficiently at producing and marketing high-quality merchandise, and in part because Japan maintains some tariffs and nontariff barriers that make it difficult for foreigners to compete.

U.S. businessmen argue that Japan often gains and holds onto a lead — as in the case of some computer chips — by government intervention, including protection of the home market, fostering of monopoly, government-industry cooperation in research and development, and in other anti-competitive ways.

Meanwhile, the riches that Japan earns from its trade, coupled with an extraordinarily high savings rate, enable it to be a major capital exporter to the rest of the world.

Under pressure, Japan has been opening up its markets, although factional disputes within the governing Liberal Democratic Party have slowed the process somewhat.

Last week, Japan, which already has the lowest average tariff schedule among major nations, announced more cuts on 1,800 items. The government is readying new moves later this month, easing some import "standards" ostensibly set in place to keep out poor quality products, but which in reality act as nontariff barriers.

The relaxation of standards is part of the well advertised "action program" that Prime Minister Yasuhiro Nakasone promised President Ronald Reagan.

But a change that might alter the trade imbalance in any significant way will depend more on three developments: a reduction in the U.S. budget deficit that might lead to a reduction of the value of the dollar; an improvement in productivity in the United States; and a willingness on the part of Japan to stimulate consumer expenditures, which would keep some of its huge surplus of savings at home, bolstering the value of the yen.

U.S. officials assert that Japan provides too many incentives for savings, which then are channeled at low interest rates into export industries.

To illustrate: Japan has a tax-free, small-sum savings system called *maruyu*, up to a ceiling of 12 million yen (just under $50,000) per person. But many Japanese duplicate these accounts by using false names and other gimmicks. In a nation of 120 million people, there may be 150 million or more maruyu accounts. The Japanese government, which could easily stamp out the deception, looks the other way.

Nothing is likely to happen quickly to alter the Japanese propensity to save, or to the cycle of U.S. budget deficits. And under these circumstances, U.S. Ambassador Mike Mansfield has expressed the concern that the economic debate could degenerate to a point where the close diplomatic relationship between the two countries is threatened.

The tendency is growing in the United States to lay the blame for the deficit on Japan's intransigence, closed market and "unfairness."

What comes through from the Japanese side in a series of interviews is a conviction that whatever steps are taken will be labeled inadequate.

"If proof of 'access' to our market is supposed to be a declining trade deficit this year, forget about it," one Japanese official said. "No matter what's in the action package, your deficit with us this year will be $45 or $50 billion."

Even so, U.S. exports to Japan have been inching up. Japanese statistics show a 9-percent increase in imports from the United States, from $24.6 billion in 1983 to $26.9 billion in 1984 — although Japanese exports to the United States rose 39.9 percent.

The gain in U.S. exports, though small, represents something better than an actual decline in U.S. exports to Europe in the same period, according to Makoto Kuroda, director general of the International Trade Policy Bureau for the Ministry of International Trade and Industry.

"We are a very good market for your country," Mr. Kuroda said. "The perception that there is no access is wrong."

Michihiko Kunihiro, a Foreign Affairs Ministry diplomat with long experience at the Japanese Embassy in Washington, says Japan must do away with unfair regulations.

"But I think we get into a dangerous area when the definition of 'unfair' is simply being different," he said. This is a reference to Japanese customs such as the *keiretsu system*, by which groups of companies give first priority in business relationships to their associates.

Kiichi Miyazawa, chairman of the Liberal Democratic Party's executive council, said, "We are just as apprehensive as Americans in and out of the government are" about the possibility of a protectionist backlash in the United States.

Although in the past the Japanese had tried to "get by on palliatives," he said, such an approach could not be used again. "Basically, this is recognized by the government, by business, by the public as a whole," he said.

Mr. Miyazawa, who will be visiting Washington this month, said his main concern is that whatever the government in Tokyo now does, "we may still be perceived as being unfair," because trade statistics "won't show any results for a year or two."

Officially, the Reagan administration is against the frequently proposed 20-percent import surcharge. U.S. trade officials say that an import surcharge, unless directed only at Japan, would invite retaliation from Europe, Canada, Australia and other trading partners. And an import surcharge aimed only at Japan would be illegal under the General Agreement on Tariffs and Trade.

Bonds Rally on Interest Rate Hopes

(Continued from Page 13)

bonds, which were offered at a price of 99.50, finished the week at 98.38.

Investor demand for the $100-million Swiss Bank Corp. offering also was strong.

The 10-year bonds, which were priced at par, carry a 10-percent coupon. They finished the week at a price of 99.32.

Dealers said that two ECU-denominated issues were well received, as were a number of offerings from various Australian entities, who have been tapping the Euromarkets heavily in recent months.

Walt Disney Productions and Scandinavian Air Lines were the two ECU issuers last week.

Of the two, the more successful was the 80-million ECU offering from Walt Disney. The 10-year issue, which carries a 9⅛-percent coupon, was priced at par and by the end of the week was trading at a premium of 100.63. Goldman Sachs acted as lead manager for the underwriting.

The 100-million ECU offering from SAS was priced at par and carries a coupon of 9 percent. The issue, which was launched by Crédit Lyonnais, closed the week at a price of 98.87.

A spate of Australian dollar Eurobond offerings were priced last week, continuing a trend that began earlier this year.

"The Euro-Aussie market is still a very retail-oriented market," said Mr. Murphy at Bankers Trust. "The currency is stable and the coupons are high. It is a very interesting niche market."

Mr. Murphy said that so far this year, more than $1 billion Australian dollar bonds had been offered for sale, more supply than had been offered in the previous five years.

Included in last week's offerings were a 100-million-Australian-dollar, 7-year offering from the State Bank of South Australia. The bonds, which carry a 10¼-percent coupon, were priced at par. They closed the week at a price of 98.88.

Five major floating-rate issues were priced in the market last week, including a $100-million note offering from the Banque Arabe et Internationale d'Investissement.

The issue, which matures in 1997, carries a coupon of ¼-percent over the six-month London interbank rate and was priced at par. The notes are callable at par after 1988, and redeemable at par after 1992 and 1995.

Bond Prices Up on Labor Figures

By Robert A. Bennett
New York Times Service

NEW YORK — U.S. government figures showing weakness in the U.S. labor market and an unexpected spurt in the money supply fueled a rally in the bond market, but some analysts said the full impact will not be felt until this week.

The Federal Reserve System reported Friday that the money supply increased by $2.6 billion in the week ended June 24, an increase well above market expectations.

But the credit markets gave more credence to the U.S. employment statistics reported earlier Friday, and, despite a late-afternoon dip, bond prices closed a point and a half higher than on Wednesday, the previous trading day.

Stocks also responded favorably to the employment data, in the hope that interest rates would fall.

Some economists said that the markets had not yet fully reacted. Maria F. Ramirez, first vice president and money market economist at Drexel Burnham, attributed the market's subdued reaction in part to the holiday weekend. "A lot of people went home early and there wasn't much activity," she said. "Monday will tell whether the gains will be sustained."

Concerns about weakness in the economy were fed by Friday's U.S. Labor Department report that nonfarm payroll employment grew by only 80,000 in June, and that the May increase was revised downward to 266,000 from 345,000.

Generally when the economy seems weak, the Federal Reserve is generous in creating money as a means to stimulate business activity and to create jobs. That usually causes interest rates to decline.

But because of the recent rapid growth in the money supply, underscored by Friday's report, analysts said that the Fed would be restrained in creating money. This restraint stems from the widespread belief that rapid increases in the money supply cause inflation.

Several economists predicted Friday that the Federal Reserve would take a neutral role in setting monetary policy, not trying to push interest rates in either direction.

"From now on, credit demand, not Fed policy, will determine the direction of interest rates," said Irwin L. Kellner, chief economist of the Manufacturers Hanover Trust Co.

In contrast to the $2.6-billion increase reported Friday in the M-1 — the measure of the money supply that consists of checking accounts in banks and savings institutions and currency in the hands of the public — most market analysts had been expecting anywhere from no change to an increase of $1 billion.

Despite the late-afternoon downturn, the government's bellwether 30-year bond closed at a price of 108 29/32, still a point and a half above Wednesday's close. The markets were closed Thursday because of the Fourth of July holiday in the United States. The yield on the bond closed at 10.27 percent, down from 10.55 percent on Wednesday.

The yield on three-month government bills remained unchanged from earlier levels at 6.76 percent; the six-month bill at 6.81 percent, and the one-year bill at 6.91 percent. All were down about a quarter of a percentage point from Wednesday's close.

U.S. Consumer Rates
For Week Ended July 5

Passbook Savings	5.50 %
Tax Exempt Bonds, Bond Buyer 20-Bond Index	6.82 %
Money Market Funds, Donoghue's 7-Day Average	7.37 %
Bank Money Market Accounts, Bank Rate Monitor Index	6.94 %
Home Mortgage, FHLB average	13.70 %

Johnson Controls Buys Own Shares

New York Times Service

NEW YORK — Johnson Controls Inc., which makes electronic instruments, has bought 8.7 percent of its shares from companies controlled by Victor Posner, a Miami financier, for nearly $80 million.

Jefferies & Co., a brokerage firm that specializes in over-the-counter trades, handled the transaction on Friday. The stock was purchased at $45 a share, which was about $1.75 a share above the market price at the time.

Mr. Posner also agreed that he and his companies would refrain for 10 years from acquiring any common stock in Johnson Controls, based in Milwaukee. Mr. Posner controls many companies, including Sharon Steel Corp. and Evans Products Co., both of which have recently reported financial difficulties.

The price of Johnson Controls' stock on Friday rose rose 75 cents, to $44, on the New York Stock Exchange. The company said it planned to retire the repurchased shares, and analysts said this had caused the rise in the stock price.

Over-the-Counter

Consolidated trading for week ended Friday.

Last Week's AMEX

	Sales	High	Low	Last	Ch'ge
BATIn	2,707,300	4½	4⅜	4⅜	⅛
DomeP	1,272,800	2⅝	2½	2½	–⅛
WangB	681,300	18⅜	17¾	18¼	+¾
KeyPh	567,900	10¼	9½	10⅛	+⅝
Mtgin	477,500	10	9¾	10	
WDigitl	469,400	15⅛	13½	14⅛	+1⅛
GDefns	399,000	18⅛	17	17⅛	–1
TIE	390,400	5	4¾	4⅞	
TexAir	377,300	16⅞	16½	16⅝	–⅛
Amdahl	321,700	14½	13⅝	13½	+⅛

Volume: 23,640,000 shares
Year to Date: 1,063,850,000 shares
Issues traded in: 887
Advances: 371; declines: 317
Unchanged: 199
New Highs: 74; new lows: 27

Last Week's NYSE

	Sales	High	Low	Last	Ch'ge
AHosp	4,706,400	41⅛	38⅞	40	–1
FedNM	4,377,500	22⅞	20¼	21⅞	+1⅛
ATT	4,314,800	24¼	23⅝	24	–⅛
MerLyn	3,956,400	34¼	32	34⅞	+1⅜
MCA	3,713,700	69¼	59¾	64¼	+4⅝
Unocal	3,440,200	30	28¼	29¼	
MaryK	3,416,100	13½	12⅛	13⅜	+1¼
CBS	3,385,500	125	115	116⅞	+⅞
Exxon	3,338,200	53⅛	51⅞	52¾	–1⅛
Goodyr	3,103,500	30¼	27¾	28	–1½
IBM	2,991,400	125	123	124½	+⅜
Sperry	2,916,500	54⅛	52½	53¾	+1⅜
TimeM	2,861,400	58½	57½	57⅜	+3⅜
PhibrS	2,707,400	44⅞	42⅞	44¼	+2⅞
Mobil	2,683,800	30¼	29⅞	30⅛	
CSX	2,611,700	27⅛	26⅞	27	+⅛
PhilaEl	2,556,700	16¼	15¾	16⅛	+⅛
AmExp	2,535,400	47⅞	46⅜	47⅞	+⅞
Tandy	2,344,800	35⅝	31½	31⅝	–4⅛
SouthCo	2,217,400	22¼	21⅞	22⅛	

Issues Traded In: 2,209
Advances: 1,245; declines: 709
unchanged: 255
New highs: 344; new lows: 24

Volume

This week	268,000,000 shares
Last week	517,800,000 shares
1984 same week	271,140,000 shares
1985 to date	13,040,452,766 shares
1984 to date	11,732,790,000 shares
1983 to date	11,478,530,000 shares

British Inflation Expected to Fall

United Press International

LONDON — Britain's inflation rate should fall from the present 7 percent to 5.5 percent by the end of the year, and to 5 percent by the end of 1986, Phillips & Drew, brokers and analysts, said Friday.

In making its economic survey, Phillips & Drew was assuming that pay raises will average 6 percent to 6.5 percent in the 1985-86 wage round, compared with last year's 6 percent, and that oil prices will go down by $1 to $2 a barrel in the *second half of this year*, and remain there.

Growth in overall activity is expected to reach 3.5 percent this year, helped by a 1-percent rise following the miners' strike.

Treasury Bills

Figures as of close of trading Friday

Kredietbank Indices

July 5

Gold Options (prices in $/oz.)

Prices	Aug.	Nov.	Feb.
300	17.00-18.50	— —	— —
310	10.00-11.50	18.75-20.25	— —
320	5.50- 7.00	13.75-15.25	20.50-22.00
330	2.50- 4.00	9.75-11.25	15.75-17.25
340	1.25- 2.50	6.75- 8.25	12.00-13.50
350	0.50- 1.75	4.25- 5.75	9.00-10.50
360	— —	2.75- 4.25	6.75- 8.25

Gold 310.50 - 311.00

Valeurs White Weld S.A.
1, Quai du Mont-Blanc
1211 Geneva 1, Switzerland
Tel. 310251 - Telex 28305

Turner Asks FCC To Halt CBS Plan For Buying Stock

New York Times Service

NEW YORK — Ted Turner has appealed to the Federal Communications Commission to stop CBS Inc.'s plan to buy nearly $1 billion of its stock.

CBS, which has been fighting a takeover proposed by Turner Broadcasting System, said Wednesday that it would buy 21 percent of its own stock for $955 million. The purchase would incur substantial debt, increasing the cost of a takeover. Equally important, both the notes and preferred stock that CBS is offering carry limits on the amount of debt the CBS can assume in a merger.

Mr. Turner has offered to buy CBS for newly issued securities he values at $5.4 billion. That would load CBS with debt exceeding what is permitted in CBS's offering.

Mr. Turner asked the FCC on Friday to stop the offer by CBS, contending that it constitutes a transfer of control of CBS's five owned television stations, requiring FCC approval.

He said in his filing that the CBS move violates the Communications Act because "the poison-pill provisions take away the shareholders' control over future CBS decisions."

"The proposal involves a transfer of the major decision-making power of CBS from shareholders," his filing said.

Occidental Breaking New Ground in China

By John F. Burns
New York Times Service

ANTAIBAO, China — With a roar from the exhaust of an earth-moving shovel, Occidental Petroleum Corp. has inaugurated its partnership in the Pingshuo open-pit coal mine, establishing with China a prototype of the investment partnership that the leadership in Beijing regards as crucial to its plans for a modern economy.

Thousands of Chinese crowded a hillside here July 1 as Armand Hammer, Occidental's 87-year-old chairman, snipped a ribbon to formally inaugurate the $650-million project. Li Peng, a deputy prime minister, joined in the ceremony, then stood back with Mr. Hammer as a Chinese shovel operator made a symbolic cut into the earth covering an estimated 1.4 billion tons of coal reserves.

For China, the ceremony had overtones that went beyond the mine site, in Shanxi province about 185 miles (298 kilometers) west of Beijing. Officials here have been soliciting American investments for more than five years under the "open door" economic policies of Deng Xiaoping, the Chinese leader. But until the Pingshuo project, they had netted few high-value investments.

Not only is Occidental's equity share of about $175 million by far the largest made by any U.S. concern, it also involves a major corporation with advanced technical skills in an area — resource development — that is basic to Chinese hopes for an export boom.

For Occidental, the 25-percent share in the Pingshuo mine adds only marginally to a worldwide investment exposure of more than $2 billion. However, it marks the first time that the Los Angeles-based corporation has taken an equity holding in a Communist country. Although renowned for his dealings with the Soviet Union, Mr. Hammer has had no investments there since he sold a pencil factory in 1930, long before he obtained control of Occidental. The Pingshuo project also marks the first time that Occidental's troubled coal subsidiary, Island Creek Coal Co., has undertaken a project of this scope overseas.

The problems of introducing advanced business and technical skills into a Chinese milieu that is still heavily bureaucratic, particularly in a remote mining region such as Pingshuo, have deterred many potential investors. And Occidental's protracted negotiations came close to collapse on several occasions.

But Occidental executives believe that coming to China as a trailblazer will stand the company in good stead when, as they hope, Mr. Deng's policies turn China from an economic backwater into one of the world's leading markets.

Considerations that have deterred some American investors include Mr. Deng's age, 80, and a concern that elements in the Communist Party hostile to foreign influences could overturn his economic policies. But Mr. Hammer, who met with Mr. Deng after signing the Pingshuo contracts, brushed aside such worries. "I think China is one of the most stable countries in the world," he said, adding that its "political succession is already secured."

Mr. Li, 55, deputy prime minister who accompanied Mr. Hammer to the ceremony here, is one of the younger officials Mr. Deng has groomed to inherit the leadership. He oversees the energy industry and was involved in approving the contracts with Occidental. This required giving ground on a number of issues.

The first concession came last fall when Peter Kiewit Sons Inc., an Omaha, Nebraska, construction company, withdrew from an agreement to share half of the total Pingshuo investment with Occidental. The Bank of China was drafted to close the gap, increasing Beijing's share of the financing to 75 percent.

This was followed by a touchy dispute over wage rates for the 1,700 Chinese who will work at the mine after it goes into full operation in September 1987.

For months, the Chinese held out for a contract stipulating that the workers would be paid the equivalent of union wage scales in the United States, which would have worked out to more than $14 an hour, about 50 times the Chinese rate. Since the Chinese practice is to pay workers in "joint-venture" undertakings at the local rate and retain the difference, the arrangement would have netted the Chinese principals a "profit" of more than $45 million a year.

After world coal prices sank more than $10 a ton from their 1982 high of more than $50, Occidental dug in. Eventually, the Chinese agreed to a compromise under which labor would be paid on the basis of each ton of coal mined.

The New York Times

Armand Hammer, chairman of Occidental Petroleum Corp., cuts a ribbon to inaugurate the U.S. firm's partnership in the Pingshuo open-pit coal mine in Antaibao, China.

Argentine Inflation Hit 30% in June

Compiled by Our Staff From Dispatches

BUENOS AIRES — Argentine inflation hit 30 percent in June, a record for the 19-month-old government of President Raúl Alfonsín, according to government statistics.

The monthly increase brings Argentina's yearly inflation rate to 1,128.9 percent, the Statistics Institute said Friday in its monthly price information bulletin.

The previous record for a single month's inflation in the Alfonsín administration was in April, when the figure was 29.5 percent.

Inflation for July is expected to drop drastically because of a price and wage freeze declared June 17 and a government pledge to stop printing money to subsidize money-losing state enterprises.

Despite the official freeze, some prices are increasing because of evasion and salaries for June climbed above the inflation rate because of the midyear bonus required by law.

Government experts had predicted a high rate of inflation for June, but previous estimates were around five points below the final figure.

■ Chile Sets Timetable

Chile's foreign debt negotiator, Hernan Somerville, has announced the timetable for drawing new financing from official agencies and commercial banks recently agreed to in principle with the 12-bank advisory group, Reuters reported from Santiago.

Mr. Somerville said that $440 million of a proposed $785-million commercial loan would be drawn in September, $80 million between November and December, $118 million in February and $49 million in each of May, August and November of 1986.

Another $300 million of commercial bank money will be lent in a World Bank co-financing. Chile's foreign debt is $19 billion.

U.S. Tire Makers No Longer Serve All

(Continued from Page 13)

Saul H. Ludwig, an analyst at Roulston & Co. in Cleveland.

Today the major tire companies are still seeking ways to restructure their operations.

Goodrich announced last month that it would shrink its tire business by 25 percent. Patrick C. Ross, the company's president, said it would strengthen its position in "selective segments, recognizing that we can't be everything to everybody."

Its tire group had become a stable source of earnings in the past five years, Mr. Ross said, but the glory days had gone. Even 1984, the industry's strongest year since 1978 for both original-equipment and replacement tires, was well below the peak of 1973.

He said longer-lasting radial tires, lower speeds and smaller cars were the principal factors that turned the U.S. tire industry into one of no growth or slow growth.

Goodrich did not detail its restructuring plans, but James L. Alexandre of the Donaldson, Lufkin & Jenrette Securities Corp. said he guessed that Goodrich "is pulling out of the off-highway segment and other heavy-duty segments and is taking no action that would have an effect on passenger-car tires."

Some analysts expect the company to shut down one of its four domestic plants. And Donald DeScenza, an analyst for Nomura Securities International Inc., predicted that Goodrich will quit the tire business altogether in the next five years.

"They've been more aggressive than any of them in pulling back," he said.

Uniroyal, the only major domestic tire company not based in Akron, Ohio, is to become a private company in a buyout leveraged by debt. Based in Middlebury, Connecticut, the company also has a major chemical business and has shrunk its tire-making capacity by 40 percent.

Some analysts believe that Uniroyal, under private management, may decide to sell the tire business if a buyer can be found.

Uniroyal has concentrated on selling tires to Detroit, though the ebb and flow of U.S. car sales has sent the tire company on a roller coaster ride.

In 1980, when Uniroyal was on the edge financially, its then-chief executive, Joseph P. Flannery, closed plants in Detroit and Massachusetts and eliminated a third of its tire sizes and types in the replacement market.

As it becomes a private company, Uniroyal is expected to sell some assets from its businesses to help pay the debt. But the tire business may be particularly hard to sell because of unfunded pension liabilities that the buyer may have to assume.

Firestone, according to Mr. Ludwig of Roulston, analyzed the service market and found that a wave of gas-station and new-car-dealer closings between 1977 and 1982 had reduced the number of service bays by 30 percent. In addition, small auto-repair shops sometimes lacked the electronic equipment necessary to fix new cars.

"Firestone reasoned," Mr. Ludwig said, that "he who has a service bay is in a good strategic position."

In 1983 the company expanded to 1,500 auto-service centers by buying 300 J.C. Penney outlets, and tried to attract customers by stressing computer diagnosis of engine troubles.

Firestone also decided that the cost of developing truck radial tires was prohibitive, Mr. DeScenza said, and tried to sell its truck-tire plant outside Nashville to Bridgestone, the Japanese tire maker.

Now Bridgestone makes steel-belted radial truck tires at the Nashville plant for Firestone, and Firestone makes less advanced truck tires at other domestic and foreign plants, a spokesman said.

Only Goodyear, the world's largest tire maker, and to a lesser extent, Gencorp Inc., still try to participate in all segments of the tire market. In hindsight, that strategy seems to have worked.

In 1984, Goodyear reported $7.65 billion in sales from its tire segment and operating income of $608 million. It was followed by Firestone, with $3.57 billion in sales and $130 million operating income; Goodrich, $1.5 billion and $93 million; Gencorp, $1.12 billion and $26 million, and Uniroyal, $1.02 billion and $85 million.

Goodyear weathered criticism by staying the course throughout the energy crisis, the onset of the radials and other tire traumas. It defended its turf and pumped money into production, becoming the most efficient manufacturer in the process.

The companies that opted to sell the more expensive high-performance tires in the replacement market rather than competing in Detroit's new car market lost sight of a crucial factor, some analysts say.

Making tires for Detroit "is really the part of the business where technology is developed," Mr. DeScenza said. "If you want to be a serious player in replacement, you've got to be in original equipment."

Shipbuilding in Japan Showed Decline in June

Reuters

TOKYO — Japan's Transport Ministry has said it issued shipbuilding permits in June for 14 ships totaling 288,858 gross tons, down from 22 ships of 394,400 tons a year earlier.

The June 1985 figure, published Saturday, was also down from the 22 ships of 547,815 tons for which permits were issued in May. June permits included three ships of 109,808 tons for domestic owners and 11 of 179,050 tons for non-Japanese owners.

American Exchange Options

Figures as of close of trading Friday.

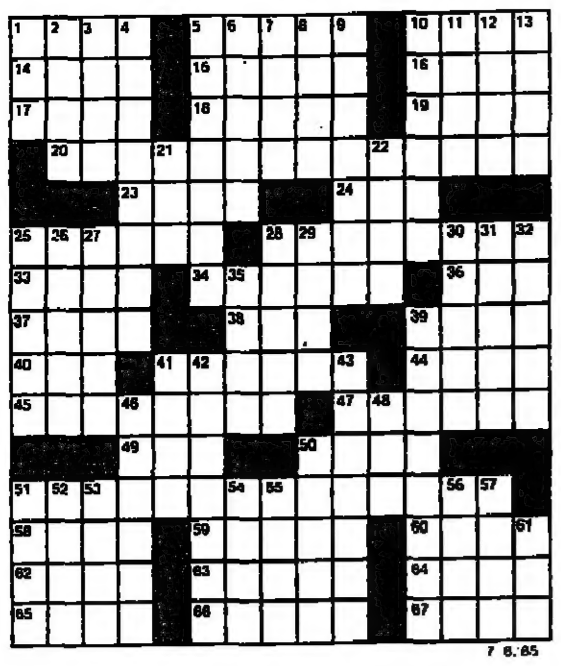
Option & price	Calls			Puts		
	Jul	Oct	Jan	Jul	Oct	Jan
[illegible]						

Mutual Funds

Figures as of close of trading Friday

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (Value plus sales charge) Friday.

	Bid	Ask
[illegible]		



7 8/85

ACROSS

1 Having wings
5 Road shoulders
10 Homophone for pair
14 Social engagement
15 Of oil
16 Singer Guthrie
17 A son of Seth
18 Female relative
19 Rivulet
20 Cherished person
23 Drying kiln
24 Spanish uncle
25 Reddish-yellow color
28 Infinite time
33 —— a hand (help)
34 Harangue
36 Petition
37 —— of March
38 Gas away
39 Persian gazelle
40 Truck for moving
41 Pursuer
44 Namesakes of a ring master
45 Exalt
47 Roving
49 Slippery fish
50 Narrow opening
51 J. Horner did it
58 Indigo
59 Wading bird
60 King of Norway
62 Capital of Peru
63 Observe again
64 —— Domini
65 Summers, in Cannes
66 Aquatic animals
67 Victor Borge, e.g.

DOWN

1 Block or lemon suffix
2 Actress Turner
3 Upon
4 Answers
5 Thoroughwort
6 Silas Marner's creator
7 Shoal
8 Black-tailed marmoset
9 Perfumed
10 Minister
11 Lake or canal
12 Associate
13 Actor's part
21 Loiter
22 Ireland
25 Oyl of comics
26 Fortification
27 Concerning
28 Wipe out
29 Recording device
30 Island, to a Venetian
31 City on the Po
32 Brewer's ——
35 Teheran is its capital
39 As much as a dray holds
41 Algonquian Indian
42 Gadgets for cigarettes
43 Tells
46 Greece
48 Tear
50 Iron alloy
51 Wan
52 Word with factor or rule
53 Calcium oxide
54 A molding
55 —— Major
56 Arm bone
57 Horace or Thomas
61 Opponent

© New York Times, edited by Eugene Maleska.

DENNIS THE MENACE

"I WOULDN'T LIKE MARGARET AT ALL IF SHE WASN'T MY FRIEND."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

EUDLE

KEJYR

TRALFE

LIRIXE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: " ◯◯◯◯ "

(Answers tomorrow)

Friday's | Jumbles: WHILE ABIDE TACKLE OVERDO
Answer: What the blacksmith did to his incompetent apprentice—BELLOWED AT HIM

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	30	86	23	73	cl
Amsterdam	19	66	9	48	fr
Athens	28	82	19	66	cl
Barcelona	27	81	19	66	fr
Belgrade	25	77	15	59	cl
Berlin	24	75	15	59	fr
Brussels	22	72	9	48	cl
Bucharest	18	64	14	57	r
Budapest	25	77	12	54	cl
Copenhagen	20	68	13	55	cl
Costa Del Sol	28	82	21	70	cl
Dublin	17	63	9	48	o
Edinburgh	19	66	8	46	o
Florence	30	86	17	63	fr
Frankfurt	20	68	9	48	fr
Geneva	24	75	13	55	fr
Helsinki	25	77	11	52	fr
Istanbul	25	77	17	63	o
Las Palmas	27	81	21	70	fr
Lisbon	30	86	20	68	fr
London	22	72	11	54	cl
Madrid	32	90	19	66	o
Milan	29	84	18	64	fr
Moscow	16	61	12	54	o
Munich	23	73	16	61	fr
Nice	28	82	23	73	fr
Oslo	21	70	14	57	cl
Paris	24	75	12	54	fr
Prague	18	64	12	54	o
Reykjavik	12	54	6	43	fr
Rome	31	88	9	48	fr
Stockholm	23	73	10	50	o
Strasbourg	24	75	14	57	fr
Venice	28	82	19	66	fr
Vienna	24	75	14	57	fr
Warsaw	23	73	10	50	o
Zurich	22	72	16	61	cl
MIDDLE EAST					
Ankara	26	79	6	43	fr
Beirut	28	82	18	64	fr
Damascus	27	81	17	63	fr
Jerusalem	26	79	14	57	fr
Tel Aviv	28	82	20	68	fr
OCEANIA					
Auckland	14	57	10	50	sh
Sydney	16	61	12	54	cl

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	32	90	25	77	cl
Beijing	32	90	20	68	fr
Hong Kong	33	91	27	81	fr
Manila	31	88	25	77	o
New Delhi	34	93	28	82	cl
Seoul	26	79	22	72	r
Shanghai	33	91	28	82	cl
Singapore	28	82	25	77	r
Taipei	34	93	30	86	cl
Tokyo	28	82	25	77	o
AFRICA					
Algiers	29	84	17	63	fr
Cairo	32	90	20	68	fr
Cape Town	13	55	3	37	cl
Casablanca	26	79	19	66	o
Harare	20	68	11	52	fr
Lagos	28	82	24	75	r
Nairobi	20	68	10	50	cl
Tunis	32	90	22	72	fr
LATIN AMERICA					
Buenos Aires	12	54	4	39	fr
Caracas	—	—	—	—	na
Lima	21	70	14	57	cl
Mexico City	21	70	11	52	cl
Rio de Janeiro	23	73	20	68	o
NORTH AMERICA					
Anchorage	19	66	11	52	cl
Atlanta	28	82	19	66	pc
Boston	26	79	20	68	pc
Chicago	29	84	16	61	pc
Denver	36	97	15	59	fr
Detroit	26	79	13	55	fr
Honolulu	31	88	21	70	fr
Houston	33	91	21	70	fr
Los Angeles	29	84	19	66	pc
Miami	32	90	25	77	pc
Minneapolis	34	94	20	68	fr
Montreal	26	79	20	68	cl
Nassau	33	91	25	77	cl
New York	29	84	21	70	pc
San Francisco	21	70	13	55	pc
Seattle	28	82	13	55	fr
Toronto	23	73	15	59	fr
Washington	29	84	18	64	pc

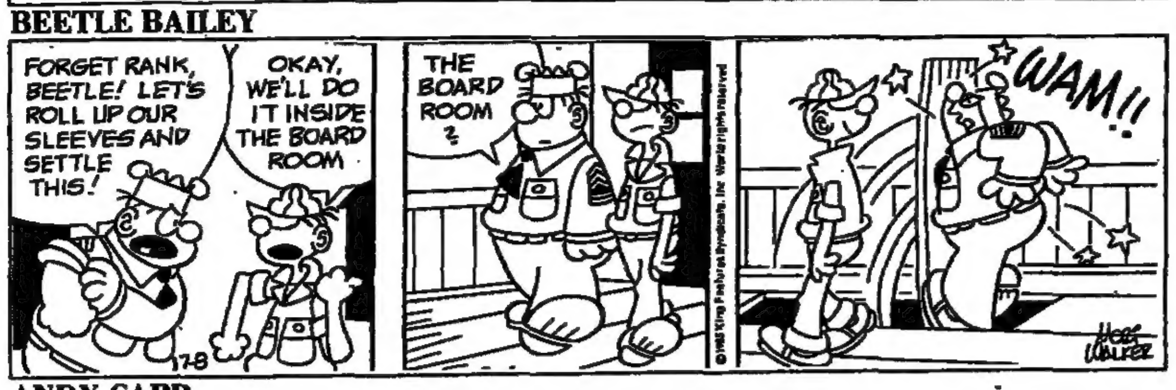
cl-cloudy; fo-foggy; fr-fair; h-hail; na-not available; o-overcast; pc-partly cloudy, r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slightly choppy. FRANKFURT: Fair. Temp. 25—9 (77—48). LONDON: Partly cloudy. Temp. 20—11 (68—52). MADRID: Stormy. Temp. 26—19 (79—66). NEW YORK: Partly cloudy. Temp. 29—19 (84—66). PARIS: Fair. Temp. 26—12 (79—54). ROME: Fair. Temp. 32—19 (90—66). TEL AVIV: Fair. Temp. 29—20 (84—68). ZURICH: Fair. Temp. 24—16 (75—61). BANGKOK: Thunderstorms. Temp. 33—25 (91—77). HONG KONG: Fair. Temp. 31—25 (88—77). MANILA: Rain. Temp. 30—24 (86—75). SEOUL: Rain. Temp. 26—21 (79—70). SINGAPORE: Thunderstorms. Temp. 28—26 (82—79). TOKYO: Rain. Temp. 27—23 (79—72).

PEANUTS

BLONDIE

BEETLE BAILEY



ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD

BOOKS

QUEEN VICTORIA IN HER LETTERS AND JOURNALS

Edited by Christopher Hibbert. 374 pages. $25.
Viking, 40 W. 23d Street, New York, N. Y. 10010.

Reviewed by Richard D. Altick

"We authors, ma'am" — the wily Disraeli well knew that his sovereign prided herself on being a published writer, her "Leaves From the Journal of Our Life in the Highlands" having been a best seller in 1868. But the great bulk of what Queen Victoria wrote remained unpublished until after her death. Her paperwork, both personal and official, has been calculated to amount to some 60 million words, enough to fill 700 volumes. Abundant selections from her journals and letters are available in two dozen thick volumes. But few readers are prepared to slog through them, so Christopher Hibbert's judicious selection, enriched by some previously unpublished material, fills a real need.

Victoria wrote as she spoke; she was incapable of diplomatic evasiveness or ambiguity, and the self-portrait she unconsciously painted is a true likeness, exhibiting, as Hibbert observes, "her simplicity and practicality, her sound common sense, her deep capacity for affection, the undeviating and sometimes highly uncomfortable regard for truth, the stubborn imperiousness protecting an inner security and awareness of her own limitations."

One more element might be added, the subject that always elicited the queen's most extravagant language: her adoration of her "angelic" and "perfect" husband in the flesh and the dedication of her long widowhood to his memory. In her womanly devotion to Albert, the prince consort, she was providentially suited to embody the domesticity that ruled her age's ethos, even though her protracted, mournful obsession with the prince sometimes tried the patience of her subjects. What the public did not know was her lack of enthusiasm for the institution of marriage insofar as it was subservient to dynastic needs ("hate" and "detest" were among the words she used in this connection). The mother of numerous children, she was outspoken in her dislike of pregnancy, both the process and the product; babies she found to be uninteresting objects, though her affection for her own developed as they entered childhood.

These prejudices, so at odds with conventional Victorianism, appear at large in Hibbert's selection, along with the queen's often difficult relationship with her grown sons and daughters. Her correspondence with her oldest and favorite daughter, Vickie, after she became crown princess of Prussia was laced with an uncomfortable amount of fussing and gratuitous advice and reproach, and in later years we see the queen repeatedly throwing cold water on Vickie's proposals that she and her family come to England to visit.

More important, Victoria's private papers record in detail the ironic course of her relations with the Prince of Wales. As a young man, "Bertie" was a thoroughly unsatisfactory royal son and heir. During most of his youth his mother simply did not like him; she did not even like his looks. To make matters worse, she implicitly blamed him for the death of his father, whose resistance to typhoid fever was weakened by the energy and emotion he spent in anxious attempts at damage control following Bertie's involvement with a young actress at the Grenadier Guards' camp near Dublin. Meanwhile, the queen concentrated her affection on the "darling," "beautiful" Prince Alfred, Duke of Edinburgh. But in time, the brothers exchanged places in the royal esteem, though Bertie's mother took good care to keep his hands off the machinery of government.

Even if she had had confidence in his abilities, Victoria probably would not have shared any of her power with him. She knew her constitutional prerogatives, and she zealously protected and exercised them. From Buckingham Palace, Balmoral and Osborne streamed memorandums, cast always in the regal third person, that conveyed her opinions and wishes. The positions she took on such thorny issues as the Irish question may not have been the product of deep thought, but she clung to them with the unshakable conviction of a Margaret Thatcher. Her relations with her advisers and ministers were governed as much by personalities as principles. Her first prime minister, the tactful and world-wise Lord Melbourne, was as beloved and trusted a father figure as another early confidant, her uncle Leopold, king of the Belgians. By contrast, she thought Gladstone half-mad. But despite all the burdens of office and her often expressed wish that she could join Prince Albert in the heaven he adorned, her profound sense of duty lent her a residual toughness.

What if, despite the labors of the formidable Baroness Lehzen to prepare the teen-age princess to become a queen, a vastly different woman had come to the throne in 1839 — a frivolous, fluffy-brained nullity no better qualifed to preside over a great empire than one of the insipid models of femininity whose engraved portraits embellished the silkbound coffee-table albums of the time? At that moment, the monarchy, lately ill-served by the dissolute George IV and the amiable but ungifted William IV, was in danger of discredit if not actual collapse. Without Victoria's confident, assertive presence, would the center of the British political system have held? In the event, Britain was spared the political turmoil that racked its continental neighbors in the course of the century, and its economic prosperity was matched by a generally solid and peaceful social order.

Richard D. Altick has written on many aspects of life and literature in Victorian England. He did this review for The Washington Post.

Solution to Friday's Puzzle

7/6/85

Bronze Age Structure Found

The Associated Press

LONDON — Remains of a wooden Bronze Age structure about 3,000 years old have been found, unusually well-preserved, in a peat bog under a Roman road near Peterborough in eastern England.

BRIDGE

By Alan Truscott

ON the diagramed deal, many North-South pairs reached three no-trump, often after an opening two no-trump, and were easily defeated by a low spade lead. South had an interesting bidding problem if the bidding began as shown, with a one-diamond opening, a weak jump overcall in spades and a negative double.

Three no-trump was often the choice, with the result that North-South failed to make game with 29 high-card points between them. The three no-trump bid would be more attractive with A-x of spades, which would allow a holdup, rather than the inflexible K-Q.

Analysts indicated that five diamonds is the only safe game contract. But they did not think enough about four hearts, which is also unbeatable and provides a better match-point score. On any lead the declarer can establish diamonds and limit the defense to a spade trick, a diamond and a heart.

NORTH
♠ 8 6 5
♡ Q 10 7 5
◇ A 7
♣ K 8 6 4

WEST
♠ A J 9 7 4 2
♡ 8 3
◇ 9 4
♣ 9 7 3

EAST
♠ 10 3
♡ J 9 4 2
◇ K 5 3
♣ Q 10 5 2

SOUTH (D)
♠ K Q
♡ A K 6
◇ Q J 10 8 6 2
♣ A J

North and South were vulnerable.
The bidding:

South	West	North	East
1 ◇	2 ♠	Dbl.	Pass
4 ♡	Pass	Pass	Pass

West led the spade ace.

SPORTS BRIEFS

Piquet Triumphs in French Grand Prix

LE CASTELLET, France (UPI) — Nelson Piquet of Brazil, in a Brabham, won the French Grand Prix on Sunday, driving a controlled race to triumph over another former Formula 1 champion, Keke Rosberg of Finland.

Piquet, world champion in 1981 and 1983, took the lead on the seventh lap and won for the 13th time in 101 grand prix races. Rosberg, who made a late pit stop to change tires on his Williams, set a record of 1:39.914 on the last lap of the 5.81-kilometer (3.61-mile) Paul Ricard Circuit to pass Alain Prost's McLaren.

Mom's Command Wins Fillies' Triple Crown

NEW YORK (AP) — Mom's Command, ridden by Abigail Fuller, daughter of owner Peter Fuller, led all the way Saturday to win the Coaching Club American Oaks and become the sixth winner of the New York Triple Crown for fillies.

Mom's Command held a big lead at the top of the stretch and finished two and one-half lengths ahead of Bessarabian to complete her sweep of the Acorn, the Mother Goose and the Oaks. With her sixth triumph in seven starts this year, she joined Dark Mirage (1968), Shuvee (1969), Chris Evert (1974), Ruffian (1975) and Davona Dale (1979) as the only fillies to win the series since its inception in 1957.

This victory came on the 10th anniversary of Ruffian's match race against the colt Foolish Pleasure, when Ruffian broke down and had to be destroyed.

Ballesteros 2-Stroke Victor in French Open

ST. GERMAIN-EN-LAYE, France — Spaniard Severiano Ballesteros won the French Open golf tournament here Sunday by two strokes over Sandy Lyle of Britain.

Ballesteros, who won the Irish Open two weeks ago, started the day with a 7-shot lead and shot a 2-under-par 69 for a four-round total of 263. Lyle, who birdied the final five holes, finished with a 64/265, 7 shots clear of West German Bernhard Langer (a closing 67) and Argentine Eduardo Romero (70), who shared third place.

Strange Takes Lead in Canadian Open Golf

OAKVILLE, Ontario (AP) — Curtis Strange swept past Greg Norman with an eagle on the 18th hole Saturday, completing three rounds of the Canadian Open Golf Tournament with a total of 210 and a two-shot lead.

Jack Nicklaus, who designed the course in suburban Toronto as a permanent site for the national championship he has never won, shot a 66 and was at 209.

Strange rolled in a 25-foot (7.6-meter) putt from the fringe of the final hole to complete a round of 68, four under par. Norman, the defending champion who led for two rounds, reached the water-guarded 18th green in two shots. But his 30-foot putt for eagle lipped out and stopped about six feet away. He missed that putt, too.

Friday, Norman shot 68 for a three-stroke lead over Strange and Larry Mize. Strange carded 69 that day. Mize shot 66 but fell back Saturday with a 72.

Oakland Reaches Final of USFL Playoffs

MEMPHIS, Tennessee (AP) — Bobby Hebert threw two touchdown passes to wide receiver Anthony Carter as the Oakland Invaders beat the Memphis Showboats, 28-19, Saturday in the U.S. Football League playoff semifinals.

Hebert also scored on a short run late in the last period. Next week, the Invaders will play the winner of Sunday's Birmingham-Baltimore semifinal.

Dodgers Get 'Hot' Bounces Against Cards

Compiled by Our Staff From Dispatches

ST. LOUIS — The baseball took some funny bounces, but the Los Angeles Dodgers were not complaining.

"There were a lot of strange things going on out there. I saw during warmups that there was a little extra sponge because" the artificial turf "was hot," said Ken Landreaux after hitting two home runs, including a weird, inside-the-park shot, as the Dodgers beat the Cardinals, 8-3, on Saturday.

The game got off to an odd start when the Dodgers' Mariano Duncan bunted for a double with one out in the first. The Cardinals' infielders waited for the bunt to roll foul while Duncan raced to second.

Landreaux then hit a drive that bounced over the head of charging right fielder Andy Van Slyke and rolled to the wall. It was the Dodgers' first inside-the-park homer since Davey Lopes' on July 23, 1979.

SATURDAY BASEBALL

"It was a single, but it just bounced over his head and kept going," Landreaux said.

Giants 6, Cubs 4: In Chicago, rookie Chris Brown's second homer of the game, opening the ninth, broke a 4-4 tie and gave San Francisco its season-high fourth straight victory. The Cubs lost their third straight.

Pirates 8, Padres 7: In Pittsburgh, Sammy Khalifa and Sixto Lezcano singled with two out in the bottom of the ninth, then Marvell Wynne beat out an infield hit as Khalifa scored from third with the run that again made a loser of San Diego.

Pittsburgh's Steve Kemp hit his first homer in nearly a year while San Diego starter Andy Hawkins failed to win a fifth straight time. He has lost twice in that stretch.

Reds 4, Phillies 2: In Philadelphia, Pete Rose singled home the go-ahead run and Dave Parker drove in two runs with a single and a double as Cincinnati ended a four-game losing streak.

Astros 8, Expos 6: In Houston, Dickie Thon hit his first homer since 1983 and doubled in the go-ahead run against Montreal. Thon played in only five games last year, after being beaned by a pitch, and has struggled this season.

Orioles 8, Royals 3: In the American League, in Kansas City, Missouri, Fred Lynn hit his third grand slam in the majors during a seven-run fifth inning that carried Baltimore to victory.

Lynn, who tripled and scored in the second, hit his grand slam two years to the day since his last one, at the 1983 All-Star Game. The opposite-field drive came off reliever Joe Beckwith, who had intentionally walked Eddie Murray to pitch to Lynn.

A's 5, Blue Jays 1: In Oakland, California, Don Sutton held Toronto to five hits for eight innings in winning his 288th in the majors as Carney Lansford scored three times and doubled in a run. The Blue Jays made five errors.

Red Sox 7, Angels 5: In Anaheim, California, designated hitter Mike Easler drove in three runs with a double and a triple as Boston got 16 hits.

Tigers 4, Rangers 3: In Arlington, Texas, Lance Parrish's two-out, two-run homer in the seventh rallied Detroit from a 3-2 deficit.

Mariners 5, Brewers 3: In Seattle, Phil Bradley's homer leading off the bottom of the eighth ended a 3-3 tie with Milwaukee and the Mariners won their fourth straight.

White Sox 6, Indians 4: In Cleveland, pinch-hitter Luis Salazar got credit for a run-scoring double for Chicago in the 10th when his pop-up to short right field was misjudged by second baseman Mike Fischlin. *(AP, UPI, LAT)*

Wiggins' Debut Winner With Orioles

Compiled by Our Staff From Dispatches

KANSAS CITY, Missouri — Alan Wiggins made an auspicious debut with the Baltimore Orioles.

Wiggins, who helped the San Diego Padres win the National League pennant last season, reached base three times, drove in a run, scored a run and stole a base Friday night to help the Orioles beat the Royals, 6-3.

Wiggins grounded out his first time up but singled in a run in the third inning. In the fifth he was hit by a pitch from starter Mark Gubicza, stole second, went to third on a wild pitch and scored on an error during a three-run inning that helped make Mike Boddicker the winning pitcher. The Royals did their part with four errors, all of which led to runs.

FRIDAY BASEBALL

"I was a little nervous at first," Wiggins said, "but I was sure glad to make a contribution. I'm not 100 percent, but I'm close enough. My timing is good and my arm is loose."

Yankees 6, Twins 3: In New York, Rickey Henderson went 3-for-3 against Minnesota, hitting his 11th homer.

Rangers 3, Tigers 1: In Arlington, Texas, Curtis Wilkerson singled in two runs during a three-run third inning and Charlie Hough held Detroit to five hits to win his first game in more than a month.

White Sox 8, Indians 3: In Cleveland, Tom Seaver allowed only six hits over eight and one-third innings, for his 296th victory in the major leagues, and Greg Walker hit a two-run homer for Chicago.

Angels 13, Red Sox 4: In Anaheim, California, Doug DeCinces homered and drove in four runs against Boston.

Mariners 7, Brewers 6: In Seattle, Domingo Ramos, who entered the game as a pinch runner, hit a bases-loaded single in the 11th inning that defeated Milwaukee.

Blue Jays 8, A's 2: In Oakland, California, Damaso Garcia drove in four runs for Toronto back the seven-hit pitching of Jim Clancy.

Pirates 5, Padres 4: In the National League, in Pittsburgh, Bill Madlock's two-run double and pinch-hitter Johnny Ray's game-winning sacrifice fly beat San Diego in the 12th inning after the game had been interrupted three times by rain. The Padres' Tony Gwynn had singled home two runs in the top of the inning for a 4-2 lead.

Giants 12, Cubs 6: In Chicago, Chris Brown had four hits, among them an RBI single in a seven-run seventh and a two-run homer in the eighth, as San Francisco won.

Phillies 5, Reds 2: In Philadelphia, Glenn Wilson doubled home the tying run and John Russell hit a two-run homer during a four-run seventh that beat Cincinnati.

Mets 6, Braves 1: In Atlanta, Wally Backman's two-run homer backed winner Rick Aguilera's five-hitter. *(LAT, UPI, AP)*

Dodgers 4, Cards 1: In St. Louis, Pedro Guerrero and R.J. Reynolds tripled to start a two-run seventh that beat the Cardinals.

Astros 4, Expos 2: In Houston, Mike Scott and Ron Mathis held Montreal to seven hits and Kevin Bass hit two bases-empty homers.

SPORTS

Boris Becker, the acrobatic victor: 'That is my way to play. . . . I dive and I get dirty.'

Becker Aces Curren for Wimbledon Title

The Associated Press

WIMBLEDON, England — West German Boris Becker, 17, became the youngest singles winner in Wimbledon history on Sunday when he overpowered Kevin Curren, 6-3, 6-7, 7-6, 6-4, to take the world's most coveted tennis championship.

Serving 20 aces, Becker also became the first German ever to win the prestigious grass-court event at the All England Lawn Tennis and Croquet club.

And he did it convincingly. It was a glorious redemption of sorts, for the young right-hander who was forced out of last year's championship when he injured his ankle in a third-round match and had to be taken off the court in a wheelchair.

Becker, touted as a future Wimbledon champion by Johan Kriek after he defeated Kriek in the final at Queen's Club last month, was brilliant as he crushed Curren in 3 hours and 18 minutes. It made him the first unseeded player ever to take the title and the youngest-ever winner of a grand slam tournament.

Becker, who extended himself acrobatically all match long, accounted matter-of-factly for the dirt on his shirt and shorts: "That is my way to play," he said. "I dive and I get dirty."

He was cool from the start. "I think Curren was more nervous than I was at the beginning," he said. Of the Centre Court spotlight, he said: "I am a human being. Every human being has feelings. Maybe I try not to show my feelings."

"But I was playing very good. Maybe I had more confidence than Kevin. I said, 'Let's go for it, try to win every point.'"

His crisp volleys were forceful, his smashes devastating and his groundstrokes accurate against the eighth-seeded Curren, who had knocked off top-seeded John McEnroe and third-seeded Jimmy Connors to reach the final.

Becker had advanced to the final on Saturday by completing a rain-delayed 2-6, 7-6 (7-3), 6-3, 6-3 victory over Anders Jarryd, the No. 5 seed. Becker was in command from the re-start of play, breaking serve five times in eight games before the match was over.

He similarly dominated Curren, 27, in all phases of the game to complete one of the most remarkable passages ever through the 128-player draw.

Becker, a native of Leimen, had moved through the draw by eliminating two Swedes, Jarryd and No. 7 Joakim Nystrom, along with No. 16 Tim Mayotte of the United States and Frenchman Henri Leconte — who reached the quarterfinals by upsetting second-seeded Ivan Lendl of Czechoslovakia.

Becker won Sunday's first set by breaking Curren's serve in the second game after holding his own, at 15, in the match-opening game. He also reached break in the sixth game, but Curren finally held five points later.

In winning the first set, Becker became the first unseeded player in Wimbledon final history to win a set: All eight previous nonseeds to get this far had been felled in straight sets.

Curren took the second set by winning the final four points to win a tiebreaker, 7-4.

Curren, who won only five points on Becker's serve in the entire first set, won five on Becker's serve in Game 2 of the second set, although the West German held after fighting off two break points. In the seventh game, Curren fell behind love-40 before winning the next five points to hold service.

Neither player had his service threatened thereafter in the set, although each was taken to deuce as they battled to 6-6 and the tiebreaker.

After that it was all Becker, although it didn't appear that way at first. Curren broke Becker for the first time in the match in the third set's seventh game when, at 15-40, he closed out with a beautiful down-the-line backhand passing shot. That gave him a 4-3 lead, serving for 5-3. But Becker broke right back.

Curren staved off four break points — one in the 10th game and four more in the 12th — to produce yet another tiebreaker.

But this time Becker streaked to a 6-0 lead, and after Curren pulled to within 3-6 the youngster closed it out with a sizzling forehand service return.

With victory within his grasp, Becker pounced on every shot that came his way.

He broke Curren in the first game of the fourth set and saved two break points in the second to take a 2-0 lead.

Curren tried, serving his 14th and 15th aces of the match to take the third game at love. He had to fight through a 14-point game to hold serve in the fifth game and then came up with three more aces to hold in the seventh.

In the ninth game, Curren again held serve, winning the last three points after facing title point at 30-40.

But it wasn't enough as Becker continued to hold his serve easily.

He became nervous when he served for the match, double-faulting on the first point, his sixth double-fault of the day. And when he reached championship point again, at 40-15, he again double-faulted.

But he reached back for a final booming serve, and when the ball ticked off Curren's racket, Becker — a Wimbledon champion at 17 — threw his clenched fists into the air.

On Saturday, Jarryd, one of the game's best returners of serve, had put it succinctly: "Becker's serve puts so much pressure on you. . . . Every time you get to deuce or break point, you know he may just serve it past you."

Navratilova Winner in 3-Set Final

By Peter Alfano
New York Times Service

WIMBLEDON, England — She had to wait four weeks for the opportunity to put her tennis world back on its proper axis. Martina Navratilova had lost her No. 1 ranking to Chris Evert Lloyd and had to share the top seeding at Wimbledon. She felt the balance of power shifting again and if it continued, she stood to lose the championship she treasured the most.

"I was more of an underdog this time," Navratilova said. "In the locker room, Chris was a majority favorite. I had a lot at stake, and if I was going to win I would have to play my best."

If it was not her best, it came close. Navratilova survived a shaky start to defeat Evert, 4-6, 6-3, 6-2, here Saturday, winning her sixth Wimbledon singles championship and fourth in a row. It was the fifth time she has defeated Evert in the final here, a noteworthy accomplishment given the nature of their rivalry and Evert's popularity among Wimbledon fans.

"This was my most satisfying win," Navratilova said. "I've lost three matches this year and everyone said I was going downhill. Every year there is more pressure. Every year there is so much to prove. Six isn't enough."

Evert reclaimed the No. 1 ranking after winning the French Open in Paris in the first week of June. It culminated a two-year effort to raise her game to Navratilova's level. There were those in tennis who felt Evert was wasting her time.

Certainly, the grass courts at Wimbledon favored Navratilova's serve-and-volley game. Evert has become a more aggressive player in recent years, but nonetheless remains a baseliner. "I figured in the long run, the serve and volley would make the difference," Navratilova said. "I had to make her try to hit passing shots. Obviously, my strategy was to get to the net."

She was more nervous than usual, Navratilova said, even for someone who has made Centre Court her private domain. "During the warmups, I was so hyper and nervous that I couldn't return Chris's shots," she said. "I thought Chris was getting annoyed."

That anxiety continued at the start of the match. Navratilova had difficulty holding serve, and was broken in the third game. She was missing her volleys and chipping backhands into the net.

And all the while Evert was threading a needle with her passing shots, hitting them with as much authority as she ever has. Evert won the set, 6-4, but at the end, a change was under way. Navratilova's first serve was more effective and she was getting to the net. She was winning her games more easily.

"I worked my way into the match," she said. "I lost a set, but was in the match. I finally wore her down."

Navratilova's first break came in the fourth game of the second set. Her aggressiveness at the net pushed Evert into unforced errors; Evert's passing shots were more tentative, her pace less formidable.

"But my attitude has changed this year," Evert said. "When I'm down a break to Martina I feel I can come back."

Wimbledon champion Martina Navratilova: 'Six isn't enough.'

Her chance came when Navratilova served for the set, leading, 5-3. Evert had a double break point and was on the verge of putting things back on serve. But she netted a cross-court backhand and then was pinned to the baseline, where she drove a forehand long. At deuce, Navratilova forced another error and served a winner to take the set.

Most of those in the crowd of 15,000 were cheering for Evert, who appeared distracted by her missed opportunity. She was broken on the first game of the final set, having lost that delicate margin of error on her shots. When at a disadvantage, Evert is more inclined to take refuge on the baseline, hoping to lure her opponent into long rallies; that played into Navratilova's hands.

Evert won her share of points, but Navratilova found the big serve when she reached back for it. Her slicing backhand forced Evert to hit approach shots and left her vulnerable for volleys into the open court. When she was broken again in the seventh game to trail, 5-2, Evert conceded it wouldn't be her day.

"I had chances, but Martina rose to the occasion," she said. "This match was disappointing to me because I had beaten her in the French and had played so well here. I felt it was 50-50 going into the match even though it was on grass. But I'm not going to pout about it."

The victory re-established Navratilova as No. 1 worldwide and perhaps proved that most of the time she will beat Evert. She now holds a 34-32 career advantage; their last 25 matches have come in tournament finals, Navratilova winning 20.

"Chris and I are ahead of the field," Navratilova said. "I don't think I'm going to be around long enough for a future rival to be as great as Chris. Even if I play another three or four years, it will take a while longer for someone else to develop."

She was presented with her sixth championship plate by the Dutchess of Kent and said she would like to have a setting for eight. If she remains motivated, it doesn't appear there are many players who can stop her on the lawns of Wimbledon. It's the tournament she can call her own.

Harvard Outrows Princeton In Henley's Grand Challenge

The Associated Press

HENLEY, England — Harvard University rowers on Sunday won the Grand Challenge Cup, the premier event of the Henley Royal Regatta, for the first time since 1969, beating Princeton by 3½ lengths in the first all-American final for 18 years.

The victory was hardly in doubt after Harvard had gained a length lead before the midway point.

Princeton tried to answer Harvard's whirlwind start with spurts between the half-mile and mile markers, but made no real impression.

Rowing at a consistent 37 strokes per minute, Harvard kept pulling away, and Princeton's challenge sliped in the final part of the race.

Princeton's efforts on Saturday in beating the University of London crew — the fastest in Britain this year — may have had a debilitating effect.

"We certainly thought so," said Coach Larry Gluckman. "Several of the crew said they felt fatigued, and they didn't really respond when it was needed. But we are excited to have gotten to the final of the Grand."

Still, the winners' time of 6 minutes and 27 seconds was 30 seconds faster than the 1969 Harvard winners.

Princeton had a double disappointment, because its lightweight crew lost to local crew Leander in the semifinals of Henley's second most important event for eights, the Ladies' Plate.

The other semifinal produced a surprise when the Norwegian crew, Ormsund, was beaten by Garda Siochana, the Irish Police team.

Leander went on to win the event by beating Garda in a final that saw the lead change three times. Leander's time of 6:26 was only three seconds outside the record, and one second faster than the winning time in the Grand Challenge Cup final.

There was a family success in the triumph of Canada's Ridley College in the final of the Thames Cup, the third event for eights.

Ridley won by 1¼ lengths over University College (Dublin) in 6:34, seven seconds slower than Harvard's time in the Grand. The winners' stroke, Darby Berkhout, had two brothers, Ed and Larry, in the Ridely crew that won the Princess Elizabeth Cup in 1975.

Meanwhile, American Brad Lewis's attempt to become the first winner in 18 years of both single and double sculls events, ended in two defeats.

Lewis, who won an Olympic Gold in the double sculls in Los Angeles last year, partnered Greg Springer, but they were overtaken in the last half mile by a talented Danish pair, Bjarn Eltang and Lief Kruse.

Earlier Lewis had been overwhelmed in the Diamond single-sculls final, losing by four lengths to local rower Steve Redgrave, who was an Olympic gold medalist at Los Angeles in Britain's coxless four.

Hinault Has the Answer For Remaining Doubters

By Samuel Abt
International Herald Tribune

STRASBOURG, France — If there were still doubts last week about Bernard Hinault's return to top form, they were put to rest Saturday when he easily won a long time trial in the Tour de France bicycle race, regaining the yellow jersey as the overall leader.

Riding through drizzles, dry stretches and downpours, the Frenchman covered 75 kilometers (47 miles) through orderly Alsatian villages in 1 hour 34 minutes 55 seconds. His closest opponent in the staggered-start race, Stephen Roche, an Irishman with the Redoute team, finished 2:20 behind.

Roche had been the leading doubter about Hinault's return to supremacy after a knee operation. "Does he now have the strength to match his ambitions?" Roche asked a few days ago. "I wonder. Everybody thinks he'll put some real distance between himself and us in the time trial, but I'm not so sure." By Saturday evening, he was.

Third in the trial race was Charly Mottet, a Frenchman with the Renault team, 2:27 behind; Greg LeMond, an American with Hinault's La Vie Claire team, was fourth, and Pierre Bazzo, a Frenchman with the Fagor Team, fifth. LeMond was 2:34 behind Hinault, Bazzo 2:42.

"The tour is not finished," Hinault said afterward, his beaming face undermining the caution of his words. "We still have to wait for the mountains."

If he meant that the 22-stage race does not end until July 21 and that the Alps and Pyrenees are still ahead, he was accurate. Otherwise it would be impossible to find anyone connected with the race who was not ready to concede Hinault his fifth victory in the Tour de France.

Finishing with the pack, Hinault retained his overall lead after Sunday's mountainous ninth stage, a 173.5-kilometer run from Strasbourg to Epinal. Winner Maarten Ducrot of the Netherlands was 37 seconds better than second-place René Bittinger of France.

Hinault took the yellow jersey in the prologue in Britanny a week ago and yielded it tactically the next day, while remaining among the leaders. Not an overpowering climber, Hinault is still not expected to lose much time in the mountains and has two more time trials to bolster his lead.

Kelly, who was penalized for roughness in a sprint finish on Thursday, continued to have bad luck Saturday. His high-tech disc rear wheel punctured after only four kilometers and he had to mount a standard bicycle, unlike most of the other leading finishers. "The disc wheel would have helped, especially with the side wind we were getting," he said.

It was precisely because of the side wind that some teams refused to use the disc wheels. Others disregarded the wind and cited a 10-kilometer climb as a reason not to use the wheels, while some teams bolted them on and dismissed the climb. In short, professional bicycling has entered a technological age and the cutting edge cuts both ways.

The disc wheels, usually made of carbon fiber and sometimes aluminum, resemble two huge cymbals clapped inside a hub. They replace the spokes because they are more effective in reducing wind resistence than the usual 28 or 32 spokes, and thus increase speed. Some riders used disc wheels Saturday on the rear of the bicycles and some used them both fore and aft.

A smiling leader, in Strasbourg: 'The tour is not finished.'

The wheels have been the rage since Francesco Moser used the prototype to break the world record for the hour's race in Mexico City in January 1984 and then won the Tour of Italy by dominating the time trials with them. Disc wheels were not available in last year's Tour de France, and sophisticates had to be content with aerodynamic profile bicycles and helmets shaped like raindrops. This year the disc wheels have been legalized in the tour for individual time trials only. The wheels were used by Hinault when he won the Tour of Italy last month but were banned unconditionally in the Tour of Switzerland.

"They do help your time, but I'd like to see them banned," LeMond said at the start in Britanny. "They give an unfair advantage to the guy who has them. Can you imagine some guy showing up at the U.S. Nationals with a set of disc wheels and winning because nobody else can afford them? The wheels cost about $1,000 a set and weigh about a kilogram each more than the standard wheel.

"All the big names will have them here, but there are some teams too poor to buy them or without the car to carry them. That's unfair.

"I'm all for advanced technology," LeMond continued, "but we don't want to be like car racers, where the best motor wins and the driver doesn't count that much. In cycling we're still athletes and I'd like to compete on that level — athlete against athlete, not machine against machine." For the record, LeMond used the disc wheel Saturday, as did many of his teammates.

SCOREBOARD

Baseball

Friday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS
NATIONAL LEAGUE

San Francisco 000 300 720—12 17 0
Chicago 710 000 400— 6 12 2
Blue, Minton (6), M.Davis (7) and Brenly; Sanderson, Brusstar (7), Sorensen (7), Ruthven (8), Frazier (9) and Davis. W—Blue, 5-2. L—Sanderson, 4-4. HR—San Francisco, Brown (6).

New York 321 000 000—6 10 1
Atlanta 000 010 000—1 5 0
Aguilera and Hurdle; Perez, Shields (2), Dedmon (6), Garber (8) and Cerone. W—Aguilera, 2-2. L—Perez, 0-6. HR—New York, Backman (1).

Cincinnati 000 000 200—2 7 1
Philadelphia 100 000 40x—5 6 0
Browning, Hume (7) and Van Gorder; Koosman, Andersen (7), Carman (8) and Virgil. W—Andersen, 3-2. L—Browning, 7-6. Sv—Carman (3). HRs—Cincinnati, Esasky (6). Philadelphia, Schmidt (10), JoRussell (2).

Los Angeles 000 001 201—4 7 0
St. Louis 100 000 000—1 4 0
Reuss, Niedenfuer (6), Howell (9) and Yeager; Cox, Horton (8), Allen (9), Dayley (9). W—Niedenfuer, 3-2. L—Cox, 9-4. Sv—Howell (7).

Montreal 001 100 000—2 7 0
Houston 111 100 00x—4 8 1
Mahler, Youmans (7) and Fitzgerald; Scott, Mathis (8) and Bailey. W—Scott, 7-4. L—Mahler 7-3. Sv—Mathis (1). HRs—Montreal, Wallach (6). Houston, Bass 2 (9).

San Diego 000 010 001 002—4 16 0
Pittsburgh 000 001 010 003—5 11 1
Dravecky, Thurmond (7), Stoddard (7), Gossage (9), Lefferts (11), L.DeLeon (12) and Kennedy, Bochy (10). Tunnell, Candelaria (7), Guante (9), Reuschel (12) and Pena. W—Reuschel, 7-1. L—Lefferts, 4-3.

AMERICAN LEAGUE

Chicago 000 211 000—4 9 0
Cleveland 000 000 003—3 7 0
Seaver, Stanton (9) and Fisk; Reed, Barkley (7), Waddell (9), Clark (9) and Willard. W—Seaver, 8-6. L—Reed, 0-1. HRs—Chicago, Walker (14), Hulett (3). Cleveland, Bernazard (7).

Minnesota 010 001 100—3 5 0
New York 320 010 00x—6 8 1
Schrom, Filson (2), Eufemia (7) and Engle, Salas (6); Rasmussen, Bordi (6), Fisher (7) and Hassey. W—Rasmussen, 3-4. L—Schrom, 7-7. Sv—Fisher (4). HRs—Henderson (11), Griffey (4), Mattingly (8).

Detroit 000 010 000—1 5 1
Texas 003 000 00x—3 9 1
Morris and Parrish; Hough and Slaught, Brummer (6). W—Hough, 6-10. L—Morris, 9-6. HR—Detroit, Brookens (4).

Baltimore 002 031 000—6 8 1
Kansas City 100 002 000—3 11 4
Boddicker, Stewart (6) and Pardo; Gubicza, Jones (7) and Sundberg. W—Boddicker, 9-7. L—Gubicza, 6-5. Sv—Stewart (6).

Boston 100 120 000— 4 9 1
California 106 200 04x—13 14 0
Ojeda, Kison (3), McCarthy (8) and Gedman; Romanick, Clements (4) and Boone. W—Romanick, 9-4. L—Ojeda, 4-4. Sv—Clements (1). HRs—Boston, Rice (16). California, DeCinces (8).

Toronto 300 320 000—8 12 1
Oakland 010 100 000—2 7 0
Clancy and Martinez; Krueger, Atherton (4), Langford (6), Mura (9) and Heath. W—Clancy, 5-4. L—Krueger, 5-8. HR—Oakland, Kingman (20).

Milwaukee 014 000 001 00—6 10 1
Seattle 030 012 100 01—7 17 1
Burris, Gibson (5), Fingers (9), Waits (11) and Moore; Young, Nunez (9) and Kearney, Scott (11). W—Young, 4-7. L—Waits, 0-1. HRs—Milwaukee, Simmons 2 (5).

SATURDAY'S RESULTS
NATIONAL LEAGUE

Los Angeles 301 011 200—8 16 2
St. Louis 000 030 000—3 6 2
Welch and Scioscia; Kepshire, Campbell (2), Horton (4), Forsch (6), Allen (8) and Nieto. W—Welch, 3-1. L—Kepshire, 5-6. HRs—Los Angeles, Landreaux 2 (6), Guerrero (20).

San Francisco 021 000 012—6 11 1
Chicago 300 002 000—5 8 1
Krukow, Garrelts (6), M.Davis (9) and Brenly; Fontenot, Smith (8) and Davis. W—Garrelts, 4-3. L—Smith, 4-3. Sv—M.Davis (5). HRs—San Francisco, Brown 2 (8), Trillo (2). Chicago, Durham (8), Davis (8).

Montreal 100 050 001—7 8 0
Houston 100 322 00x—8 11 1
Hesketh, Lucas (5), St. Claire (6), O'Connor (8) and Nicosia, Butera (6), Fitzgerald (8); Ryan, Calhoun (5), Mathis (7), Smith (9) and Bailey. W—Calhoun, 1-1. L—Lucas, 3-1. Sv—Smith (14). HRs—Montreal, Wallach (7). Houston, Davis (2), Thon (1).

San Diego 200 002 003—7 14 0
Pittsburgh 011 120 111—8 17 0
Hawkins, Thurmond (6), Lefferts (8) and Bochy, Kennedy (9); McWilliams, Holland (6), Candelaria (9) and Pena. W—Candelaria, 2-3. L—Lefferts, 4-4. HR—Pittsburgh, Kemp (1).

Cincinnati 102 000 010—4 7 2
Philadelphia 010 001 000—2 8 0
Robinson, Franco (7), Power (8) and Knicely; Denny, Rucker (8), Andersen (8) and Virgil. W—Robinson, 4-0. L—Denny, 5-7. Sv—Power (14).
(New York at Atlanta, ppd., rain)

AMERICAN LEAGUE

Baltimore 010 070 000—8 12 2
Kansas City 000 010 011—3 8 1
McGregor, Aase (9) and Dempsey; Jackson, Beckwith (5), Quisenberry (9) and Sundberg, Wathan (9). W—McGregor, 7-7. L—Jackson, 6-6. HR—Baltimore, Lynn (14).

Toronto 000 100 000—1 5 5
Oakland 002 301 00x—6 12 0
Alexander, Musselman (6), Caudill (8) and Whitt; Sutton, Ontiveros (9) and Tettleton. W—Sutton, 8-6. L—Alexander, 7-6. HR—Toronto, Mulliniks (5).

Boston 100 002 310—7 16 1
California 000 230 000—5 11 1
Trujillo, Stanley (6), and Gedman, Sloton. Cliburn (6), Moore (7), Sanchez (7) and Narron. Boone (7). W—Stanley, 4-4. L—Cliburn, 3-2. HR—California, Jackson (12).

Chicago 020 020 000 2—6 11 0
Cleveland 300 010 000 0—4 9 0
Bannister, Spillner (5), James (7) and Fisk; Ruhle, Clark (5), Barkley (8), Thompson (10), Easterly (10) and Bando. W—James, 4-2. L—Thompson, 2-3. HRs—Chicago, Fisk (19). Cleveland, Thornton (4).

Milwaukee 000 001 110—3 10 1
Seattle 005 000 12x—5 5 1
Vuckovich and Moore; Wills, Vande Berg (7), Thomas (8), Snyder (9) and Scott. W—Thomas (4-0). Loser—Vuckovich (3-6). Sv—Snyder (1). HR—Seattle, Bradley (12).

Detroit 001 010 200—4 10 1
Texas 300 001 000—3 8 1
O'Neal, Hernandez (7) and Lance Parrish; Cook, Rozema (7), Schmidt (8) and Brummer. W—O'Neal, 5-1. L—Rozema, 3-6. Sv—Hernandez (17). HRs—Detroit, Whitaker (14), Lance Parrish (12).
(Minnesota at New York, ppd., rain)

Major League Standings

AMERICAN LEAGUE
East Division

	W	L	Pct.	GB
Toronto	48	32	.600	—
Detroit	44	33	.571	2½
New York	41	35	.539	5
Baltimore	41	36	.532	5½
Boston	40	39	.506	7½
Milwaukee	35	41	.460	11
Cleveland	24	54	.308	23

West Division

	W	L	Pct.	GB
California	45	34	.570	—
Oakland	42	37	.532	3
Seattle	41	38	.518	4
Chicago	39	37	.513	4½
Kansas City	39	39	.500	5½
Minnesota	35	41	.461	8½
Texas	31	49	.388	14½

NATIONAL LEAGUE
East Division

	W	L	Pct.	GB
St. Louis	45	32	.584	—
Montreal	45	35	.563	1½
New York	42	35	.545	3
Chicago	40	37	.519	5
Philadelphia	35	43	.449	10½
Pittsburgh	27	50	.351	18

West Division

	W	L	Pct.	GB
San Diego	46	33	.582	—
Los Angeles	42	35	.545	3
Cincinnati	40	37	.519	5
Houston	41	39	.513	5½
Atlanta	34	43	.442	11
San Francisco	31	49	.388	15½

Tennis

Wimbledon Results

MEN'S SINGLES
Semifinals

Boris Becker, West Germany, def. Anders Jarryd (5), Sweden, 2-6, 7-6 (7-3), 6-3, 6-3.

Final

Becker def. Kevin Curren, U.S. 6-3, 6-7 (4-7), 7-6 (7-3), 6-4.

MEN'S DOUBLES
Semifinals

Heinz Gunthardt, Switzerland, and Balazs Taroczy, Hungary, def. Peter McNamara and Paul McNamee, Australia, 6-7 (3-7), 6-1, 6-2, 6-4.

Pat Cash and John Fitzgerald, Australia, def. Peter Fleming and John McEnroe, U.S., 7-6 (13-11), 2-6, 6-1, 6-4.

Final

Gunthardt and Taroczy, def. Cash and Fitzgerald, 6-4, 6-3, 4-6, 6-3.

WOMEN'S SINGLES
Final

Martina Navratilova (1), U.S. def. Chris Evert Lloyd (1), U.S., 4-6, 6-3, 6-2.

WOMEN'S DOUBLES
Semifinals

Kathy Jordan, U.S. and Elizabeth Smylie, Australia, def. Claudia Kohde-Kilsch, West Germany, and Helena Sukova, Czechoslovakia, 5-7, 6-1, 6-4.

Final

Jordan and Smylie def. Navratilova and Pam Shriver (1), U.S., 5-7, 6-3, 6-4.

Cycling

Tour de France

MEN
EIGHTH STAGE
Saturday, Sarrebourg to Strasbourg
(57 Kilometers / 46.6 Miles)

1. Bernard Hinault, France, 1 hour, 34 minutes, 55 seconds.
2. Stephen Roche, Ireland, 2 minutes, 20 seconds behind.
3. Charles Mottet, France, 2:26 behind.
4. Greg LeMond, United States, 2:34.
5. Pierre Bazzo, France, 2:42.
6. Alain Vigneron, France, 2:52.
7. Sean Kelly, Ireland, 2:52.
8. Steve Bauer, Canada, 3:10.
9. Pascal Simon, France, 3:14.
10. Phil Anderson, Australia, 3:14.

NINTH STAGE
Strasbourg to Epinal
(173.5 Kilometers)

1. Maarten Ducrot, the Netherlands, 4:13.40
2. Rene Bittinger, France, 4:14.17
3. Yvon Madiot, France, same time
4. Theo de Rooy, Netherlands, at 0:37
5. Niki Ruttimann, Switzerland, S.T.
6. Sean Kelly, Ireland, at 2.15
7. Benny Van Brabant, Belgium, S.T.
8. Eric McKenzie, New Zealand, S.T.
9. Jean-Philippe Van Den Brande, Belgium, S.T.
10. Eric Vanderaerden, Belgium, S.T.

OVERALL STANDINGS

1. Bernard Hinault, France, 45 hours, 54 minutes, 57 seconds
2. Greg LeMond, U.S., at 2.22
3. Sean Kelly, Ireland, at 2.51
4. Steve Bauer, U.S., at 3.21
5. Phil Anderson, Australia, at 3.38
6. Stephen Roche, Ireland, at 3.44
7. Charles Mottet, France, at 4.11
8. Pascal Simon, France, at 4.23
9. Eric Vanderaerden, Belgium, at 4.40
10. Paul Haghedooren, Belgium, at 4.49

WOMEN
SIXTH STAGE
Saturday, Sarrebourg to Strasbourg

1. Jeannie Longo, France, 1 hour, 54 minutes, 58 seconds, 15 second bonus
2. Viola Paulitz, W.Germany, 1:54:58, :10 bonus
3. Valerie Simmonet, France, 1:54:58, :05 bonus
4. Greta Fleerackers, Belgium, 1 second behind
5. Henny Top, Netherlands, same time

SEVENTH STAGE
Sunday, Schirmeck to Epinal
(90 Kilometers / 55.9 Miles)

1. Jeannie Longo, France, 2 hours, 18 minutes, 2 minutes (15 second bonus)
2. Imelda Chiappa, Italy, S.T. (10 second bonus)
3. Nadine Fiers, Belgium, S.T. (5 second bonus)
4. Paola Stepherr, West Germany, S.T.
5. Greta Fleerackers, Belgium, S.T.

OVERALL STANDINGS

1. Jeannie Longo, France, 14 hours, 36 minutes, 5 seconds
2. Maria Canins, Italy, at 1:05
3. Valerie Simmonet, France, at 1:14
4. Heleen Hage, Netherlands, at 1:38
5. Mandy Jones, Britain, at 1:56

Auto Racing

FRENCH GRAND PRIX
(At Le Castellet, France)
(53 Laps, 307.93 Kilometers / 191.34 Miles)

1. Nelson Piquet, Brazil, Brabham, one hour, 31 minutes, 46.266 seconds
2. Keke Rosberg, Finland, Williams, 1.31:52.926 hours
3. Alain Prost, France, McLaren, 1.31:55.581
4. Stefan Johansson, Sweden, Ferrari, 1.32:39.757
5. Elio de Angelis, Italy, Lotus, 1.32:39.956
6. Patrick Tambay, France, Renault, 1.33:01.433
7. Derek Warwick, Britain, Renault, 1.32:30.478
8. Marc Surer, Switzerland, Brabham, at one lap
9. Thierry Boutsen, Belgium, Arrows, one lap
10. Eddie Cheever, U.S., Alfa Romeo, one lap

OVERALL DRIVER STANDINGS

1. Michele Alboreto, Italy, 31 points
2. Elio de Angelis, Italy, 26
and Alain Prost, France, 26
4. Keke Rosberg, Finland, 18
5. Stefan Johansson, Sweden, 16
6. Patrick Tambay, France, 11
7. Nelson Piquet, Brazil, 10
8. Ayrton Senna, Brazil, 9
9. Thierry Boutsen, Belgium, 6
10. Nigel Mansell, Britain, 5

Golf

Top finishers and earnings in the French Open championship, which ended Sunday at St. Germain-en-Laye, France (par 71):

S. Ballesteros, Spain, $18,000, 62-68-64-69—263
Sandy Lyle, Britain, $12,090, 69-64-68-64—265
E. Romero, Argentina, $6,000, 67-69-66-70—272
B. Langer, W. Ger., $6,000, 68-69-68-67—272
Sam Torrance, Britain, $4,000, 65-68-68-72—273
D. Llewllyn, Britain, $4,000, 70-68-69-66—273
R. Rafferty, Britain, $2,900, 69-68-68-69—274
Ian Woosnam, Britain, $2,900, 68-69-72-65—274
Michel Tapia, France, $2,300, 68-69-70-69—276
Carl Mason, Britain, $2,300, 67-64-75-70—276
Robert Lee, Britain, $2,300, 66-66-74-70—276

Columbus's Ships Still Puzzle Historians as 1992 Nears

By John Noble Wilford
New York Times Service

WITH the quincentennial celebration approaching, the Spanish have felled the trees and are curing the timbers. They plan to build replicas of the Niña, Pinta and Santa Maria and sail them across the Atlantic to re-enact the fateful voyage of discovery by Columbus in 1492. The replicas will be built, no doubt, but will they be authentic reproductions of the real ships?

"Nobody knows what Niña, Pinta and Santa Maria really look like," Samuel Eliot Morison wrote in "Admiral of the Ocean Sea," his authoritative biography of Columbus. Every picture of them, he added, "is about 50 percent fancy."

This state of historical ignorance extends to the entire class of exploring ships, the caravels, which were the supreme engineering achievement that made possible the Age of Discovery in the 15th and 16th centuries. No architectural plans of them exist, and contemporary drawings seemed to favor aesthetics over accuracy and detail. No confirmed caravel wrecks have ever been found. Less is known about the caravels, it is said, than about the ancient ships of Greece and Rome.

As 1992 approaches, scholars, in a new effort to replace fancy with fact, are intensifying their quest to learn what combination of technological innovations gave the caravel the range, maneuverability and durability to join the New World with the Old and transform them both.

A 400-page document describing the Niña was recently discovered in Spain and is being examined for answers to the many questions about the construction, rigging, armament and operation of caravels. A University of Florida historian plans to report his findings this autumn.

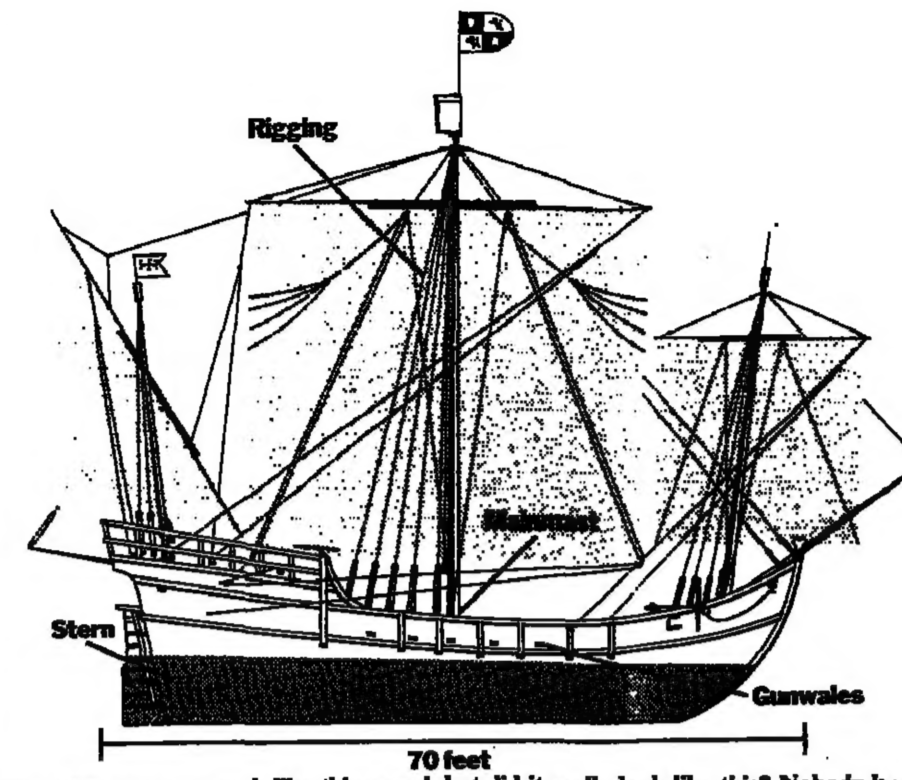
Nautical archaeologists, a relatively new breed of explorer-scholar, are probing and diving in the Caribbean for remains of these ships. In the Turks and Caicos Islands, they have recovered guns, ballast and fixtures from what may have been a caravel. In St. Ann's Bay of Jamaica, archaeologists believe they have the best chance of finding hulls of these sailing ships. A team of scientists from the Institute of Nautical Archaeology at Texas A&M University returned to St. Ann's Bay recently to resume explorations with the help of the government of Jamaica. Columbus, on his fourth and final expedition, is known to have abandoned two hopelessly worm-eaten caravels in the lagoon there, where the soft submarine sediments are conducive to preserving wrecks.

If the hulls are still there and can be located — the Texas A&M team is cautiously optimistic — their recovery could be the major breakthrough historians and archaeologists have been hoping for. The experts may finally be able to explain in detail what Columbus meant when he wrote in his sea journal that the caravels were "well suited for such an enterprise."

From contemporary accounts and drawings, historians have established with a degree of certainty some of the general characteristics of the caravels. According to Roger C. Smith, leader of the Caravel Project at Texas A&M, caravels generally had three masts rigged with a combination of square and triangular, or lateen, sails. They were about three times as long as they were wide, making them more streamlined than many ships of the day, and had a shallow draft of about six feet (two meters), enabling them to maneuver in uncharted waters and penetrate the bays and rivers of the new worlds.

The Niña, Columbus's favorite ship, was believed to be about 70 feet long with a beam of 23 feet. Its burden was 60 tons, which did not mean weight or displacement but its cubic capacity in terms of wine casks, or tuns — which is what tonnage meant in those days. The Pinta was faster and slightly larger than the Niña.

The Santa Mariá, the flagship, was considerably longer, about 90 feet long, and broader at the beam. It was slower than the other two ships; it went aground and had to be abandoned in the New World. Its squat appearance has led most scholars to conclude that Santa Maria was not a caravel but a sturdy Iberian cargo vessel. Variations of these vessels, with their more capacious holds, would be used increasingly in transoceanic voyages as exploration, for which the caravels were especially suited, gave way to trade and colonization.



The Niña was a caravel, like this vessel, but did it really look like this? Nobody knows.

The origin of the word *caravel* is as uncertain as the origin of the vessel. Historians assume that the Portuguese developed the early versions of these ships, presumably combining features of the sturdy trading ships of northern Europe with the Mediterranean fishing and coastal trading ships with lateen sails and a narrower hull. As mariners returned from their explorations down the western coast of Africa, shipwrights modified the ships until they arrived at the basic caravel design.

On the outward passage in 1492, according to Morison's book, the fleet averaged eight knots for five days' running, and on one day of the homeward passage the Niña and Pinta covered nearly 200 nautical miles, making 11 knots in the gusts. Few sailing ships could do better until the racing yachts of this century.

So much about caravels is unknown. For example, Smith said, it is not known whether the stern of the Niña and Pinta and other early caravels was squared off or slightly rounded. Nor is anyone sure if the ships had a crow's nest or similar lookout atop the mainmast or if they had "rat lines" in the standing rigging, cross ropes that served as a ladder for sailors. The exact arrangement of the standing rigging, or shrouds, is also a matter of dispute.

Other questions concern the gunwales, the sides of the hull that rise above the main deck. Drawings and models show many round holes in the gunwales. Historians have tended to assume these were gun ports. But Smith questions whether the caravels could have mounted many guns because, with their shallow draft, this might have made them dangerously top-heavy. He wonders if the holes could have been used for sweeps, the long oars that may have been used in a dead calm.

The construction of the caravels remains the most perplexing mystery. Historians suspect that the Portuguese and Spanish considered such details matters of strategic secrecy; hence, no written records or engineering drawings. It is not known, Smith said, how the interior beams, ribs and planking were arranged and fastened or whether the hull had an interior wall as added protection against punctures. Some models show deck beams sticking through the sides of the hull, which may or may not have been a usual feature.

All the more reason for nautical archaeologists to join historians in the search for knowledge of the caravels. In 1976, treasure hunters found a wreck on Molasses Reef in the waters of the Turks and Caicos Islands and jumped to the conclusion that they had found the ruins of the Pinta. Professional archaeologists have subsequently moderated these claims, but they believe the wreck could be that of a 16th-century caravel, or possibly a small warship. The remains yielded a surprising number of guns, along with ballast and other metal fixtures.

Donald H. Keith, a nautical archaeologist at Texas A&M who is studying the artifacts, said: "Although the Molasses Reef wreck is the only ship of this period to be excavated and researched by archaeologists, very little of the hull was preserved. The timber fragments beneath the ballast mound comprised the lower part of one side of the hull. But the keel, endposts and other diagnostic parts of the hull are gone. It was clear that if we were going to learn more about how exploratory vessels were constructed, we would have to look elsewhere."

Elsewhere, at present, includes St. Ann's Bay on the north coast of Jamaica, where other Texas A&M divers and remote-sensing explorers have been working since 1982. They have used magnetometers, sonar and radar to probe the floor of the bay and adjacent shoreline for signs of the Santiago and Capitana, the two caravels Columbus junked there. Smith, who is heading the search, said they have focused in on a narrow range of potential shipwreck sites.

Short of finding an actual hull, the most valuable insights into the nature of caravels likely to be available in time for the quincentennial celebrations may come from a document that Eugene Lyon, an adjunct professor of history at the University of Florida, has found in the Archives of the Indies in Seville, Spain.

Details of the document's contents will not be reported until this fall. But Michael V. Gannon, director of the newly created Institute for Early Contact Period Studies at Florida, said, "The document that Dr. Lyon is translating and annotating gives us highly detailed information about the Niña's rigging, armament, lading and crewing."

Like other scholars, Smith of Texas A&M is eagerly awaiting this and any other scrap of information about the first ships large enough and strong enough to make long ocean voyages and return home again with reliability. The caravels, he said, were the "Mercury space capsules" in a long line of transoceanic vessels that changed the world.

LANGUAGE

Your Splat! Is My Potsch!

By Jack Rosenthal

NEW YORK — My dog says *err-ruff*. Little Orphan Annie's dog says *arf* and dogs in general say *bowwow*. They do, that is, if they are American dogs. In Italy, dogs are likely to say *bowbow*; in Israel, *howhow*; in Japan, *wanwan*.

Likewise, cats. American and Chinese cats say *meow*, but Greek and Japanese cats say something like *niaw*, with a distinct *n* instead of an *m*. Depending on national origin, a rooster's arpeggio ranges from the *cockadoodledoo* of English to *kikiriki* (German) to *cucuricoo* (Arabic) to the plain *kuku* of Mandarin Chinese.

American birds *tweet*, but some European birds *kwee* and others *peep*. Latin American chicks can probably communicate fine with their North American cousins, even though they say *pio-pio-pio*, not *cheep-cheep-cheep*.

These are some examples of what English teachers call onomatopoeia, what linguists call iconic words or sound symbolism, and what laymen call sound words. They are words that imitate sounds in nature, and the way they are created teaches much about language.

This process of invention demonstrates, in the first instance, that language is arbitrary and reflects its culture more than it does some objective universal reality.

People tend to think of sound words, if they think about them at all, as objective. Not being part of formal language, such words are thought to be basic to human speech, beyond any specific language. *Ouch!* for instance. Isn't that what people anywhere would say on touching, for instance, the hot handle of a saucepan?

No. A Spanish speaker would probably say *Ai!* A Filipino might say *Aray!* An Israeli Jew ponders the question and concludes that in his country people who grew up speaking Hebrew would say *Ach!* and those who grew up with Yiddish would say *Oy!* In Japan, people might say *Itai!* or *Iteh!*

There's not much that's universal about sounds devised in different cultures to imitate inanimate noises. Sometimes the differences are slight. The anchor you drop in an American lake goes *plop!* but the same anchor in Austria goes *plump!* Occasionally, the differences are hard to fathom. In Japan, the anchor would say *pohan!*

What's the sound of a bomb exploding?

Linguists at Ohio State University asked speakers of many different languages, and the answer was generally something like *boom!* (except in Japanese, in which it was *bang!* They found only small variations in the vocabulary of clocks — *tick-tock* or *tick-tick* or *chiko-tako*. But they found no such unanimity for other iconic words.

What's the sound of something juicy hitting a hard surface? Here are some of the results, roughly approximated:

English — *splat!*
German — *potsch!*
French — *flak!*
Chinese — *pyak!*
Japanese — *pisha-pisha!*

In short, people around the world form sound words depending on how they see, hear or experience the world. Their sound symbols can be every bit as different as their different perceptions of their *different* cultures. One of the biggest differences, in fact, may be the extent to which societies use sound words at all.

Nevertheless, Steven Feld, a professor at the University of Texas at Austin, suggests that there is a universal principle of sound symbolism, regardless of the culture or the language.

The universal is not in any specific sounds associated with specific experience. It is in the way all languages seem to exploit sound symbolism in some way that is systematic and internally consistent.

Feld is a longtime student of Kaluli people in Papua New Guinea. The Kaluli use sound symbolism with considerable skill, as can be seen by dissecting their word *googoogawgaw*.

In their language the sound *oo* connotes motion downward, *aw* connotes motion outward and, sensibly enough, repeating a sound means continuing action. Hence googoogawgaw may sound childish but is brilliantly precise. It means "echo."

Likewise, when Marvel Comics offers up a word like *FTOOM!* it is not inventing a wholly arbitrary sound word but one that seems based on something valid and consistent in the way we experience modern culture and the way we hear our language. With a bang.

New York Times Service

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